HARBOUR BIOMED

和鉑醫藥控股有限公司
HBM HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 02142

GLOBAL OFFERING

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

Morgan Stanley BofA SECURITIES CITIC SECURITIES

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

CICC 中金公司 CREDIT SUISSE

Joint Bookrunners and Joint Lead Managers

海通國際 HAITONG 中銀國際 BOCI

IMPORTANT

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

和鉑醫藥控股有限公司
HBM Holdings Limited

(incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**138,221,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Public Offer Shares	**:**	**13,824,000 Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**124,397,000 Shares (subject to reallocation and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$12.92 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars, subject to refund)**
Nominal value	**:**	**US$0.000025 per Share**
Stock code	**:**	**02142**

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

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us on or around Thursday, 3 December 2020. If, for any reason, the Offer Price is not agreed by Sunday, 6 December 2020, the Global Offering will not proceed and will lapse. The Offer Price will be no more than HK$12.92 per Offer Share and is currently expected to be no less than HK$11.70 per Offer Share unless otherwise announced.

The Joint Global Coordinators may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this document at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. See "Structure and conditions of the Global Offering" and "How to apply for the Hong Kong Public Offer Shares" for further details.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See "Underwriting – Underwriting arrangements and expenses – The Hong Kong Public Offering – Grounds for termination" for further details.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this document, including the risk factors set out in the section headed "Risk factors".

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

ATTENTION

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

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

30 November 2020

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

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

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

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

(1) apply online via the **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**) or at **www.hkeipo.hk**; or

(2) electronically cause HKSCC Nominees to apply on your behalf, including by:

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

   ii. (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC's Customer Service Centre by completing an input request.

If you have any question about the application for the Hong Kong Public Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar, Tricor Investor Services Limited, at +852 3907 7333 on the following dates:

Monday, 30 November 2020	**–**	**9:00 a.m. to 9:00 p.m.**
Tuesday, 1 December 2020	**–**	**9:00 a.m. to 9:00 p.m.**
Wednesday, 2 December 2020	**–**	**9:00 a.m. to 9:00 p.m.**
Thursday, 3 December 2020	**–**	**9:00 a.m. to 12:00 noon**

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

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

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

Your application must be for a minimum of 1,000 Hong Kong Public Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Public Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Public Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Public Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Public Offer Shares applied for	Amount payable on application *HK$*
1,000	13,050.20	25,000	326,254.87	300,000	3,915,058.45	6,000,000	78,301,169.04
2,000	26,100.39	30,000	391,505.85	400,000	5,220,077.94	6,912,000[1]	90,202,946.73
3,000	39,150.59	35,000	456,756.82	500,000	6,525,097.42		
4,000	52,200.78	40,000	522,007.79	600,000	7,830,116.90		
5,000	65,250.97	45,000	587,258.77	700,000	9,135,136.39		
6,000	78,301.17	50,000	652,509.74	800,000	10,440,155.87		
7,000	91,351.36	60,000	783,011.69	900,000	11,745,175.36		
8,000	104,401.56	70,000	913,513.64	1,000,000	13,050,194.84		
9,000	117,451.75	80,000	1,044,015.59	2,000,000	26,100,389.68		
10,000	130,501.95	90,000	1,174,517.54	3,000,000	39,150,584.52		
15,000	195,752.92	100,000	1,305,019.48	4,000,000	52,200,779.36		
20,000	261,003.90	200,000	2,610,038.97	5,000,000	65,250,974.20		

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

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

Hong Kong Public Offering commences . . . . . 9:00 a.m. on Monday, 30 November 2020

Latest time for completing electronic applications under the **HK eIPO White Form** service through one of the below ways:[2] . . . . . 11:30 a.m. on Thursday, 3 December 2020

(1) the **IPO App**, which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**

(2) the designated website **www.hkeipo.hk**

Application lists for the Hong Kong Public Offering open[3] . . . . . 11:45 a.m. on Thursday, 3 December 2020

Latest time for (a) completing payment for the **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC[4] . . . . . 12:00 noon on Thursday, 3 December 2020

Application lists close[3] . . . . . 12:00 noon on Thursday, 3 December 2020

Expected Price Determination Date[5] . . . . . Thursday, 3 December 2020

(1) Announcement of:

- the Offer Price;
- an indications of the level of interest in the International Placing, the level of applications in the Hong Kong Public Offering; and
- the basis of allocations of the Hong Kong Public Offer Shares

to be published on our website at **www.harbourbiomed.com** and the website of the Stock Exchange at **www.hkexnews.hk** on or before[9] . . . . . Wednesday, 9 December 2020

(2) Announcement of results of allocations in the Hong Kong Public Offering to be available through a variety of channels as described in "How to apply for the Hong Kong Public Offer Shares – Publication of Results" from[9] . . . . . Wednesday, 9 December 2020

(3) Announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the websites of the Company and the Stock Exchange at **www.harbourbiomed.com**[6] and **www.hkexnews.hk** from[9] . . . . . Wednesday, 9 December 2020

Results of allocation for the Hong Kong Public Offering will be available at "IPO Results" function in the **IPO App** or **www.hkeipo.hk/IPOResult** (or **www.tricor.com.hk/ipo/result**) with a "search by ID" function from[9] . . . . . Wednesday, 9 December 2020

Dispatch of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[7][9] . . . . . Wednesday, 9 December 2020

Dispatch of **HK eIPO White Form** e-Auto Refund payment instructions/refund checks on or before[8][9] . . . . . Wednesday, 9 December 2020

Dealings in the Shares on the Stock Exchange expected to commence at[9] . . . . . 9:00 a.m. on Thursday, 10 December 2020

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

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

(3) If there is a "black" rainstorm warning signal or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 3 December 2020, the application lists will not open and close on that day. See section headed "How to apply for the Hong Kong Public Offer Shares – C. Effect of bad weather and/or Extreme Conditions on the opening and closing of the application lists".

(4) Applicants who apply for the Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to section headed "How to apply for the Hong Kong Public Offer Shares – A. Applications for Hong Kong Public Offer Shares – 6. Applying By Giving Electronic Application Instructions To HKSCC Via CCASS".

(5) The Price Determination Date is expected to be on or about Thursday, 3 December 2020 and, in any event, not later than Sunday, 6 December 2020, or such other date as agreed among the parties. If, for any reason, the Offer Price is not agreed by Sunday, 6 December 2020, or such other date as agreed among the parties, between the Joint Global Coordinators (for themselves and on behalf of and the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

(6) None of the websites or any of the information contained on the website forms part of this document.

(7) The Share certificates will only become valid at 8:00 a.m. on the Listing Date, which is expected to be Thursday, 10 December 2020, provided that the Global Offering has become unconditional in all respects and none of the Underwriting Agreements have been terminated in accordance with its terms at or before that time. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of the Share certificates and prior to the Share certificates becoming valid do so entirely at their own risk.

(8) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications, and also in respect of wholly or partially successful applications if the Offer Price is less than the price per Offer Share payable on application.

(9) In case a typhoon warning signal no. 8 or above, a black rainstorm warning signal and/or Extreme Conditions is/are in force in any days between Monday, 30 November 2020 to Thursday, 10 December 2020, then the day of (i) announcement of results of allocations in the Hong Kong Public Offering; (ii) dispatch of Share certificates and refund cheques/**HK eIPO White Form** e-Auto Refund payment instructions; and (iii) dealings in the Shares on the Stock Exchange may be postponed and an announcement may be made in such event.

The above expected timetable is a summary only. You should read carefully the sections headed "Underwriting" and "Structure and conditions of the Global Offering" and "How to apply for the Hong Kong Public Offer Shares" for details relating to the structure and conditions of the Global Offering, procedures on the applications for Hong Kong Public Offer Shares, and expected timetable, including conditions, effect of bad weather and the dispatch of refund cheques and Share Certificates.

CONTENTS

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

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

You should rely only on the information contained in this document to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this document. We have not authorised anyone to provide you with information that is different from what is contained in this document. Any information or representations not contained or made in this document must not be relied on by you as having been authorised by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers, employees, agents or representatives, or any other parties involved in the Global Offering.

CONTENTS

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

OVERVIEW

Incorporated in July 2016, we are a clinical-stage biopharmaceutical company engaged in the discovery and development of differentiated antibody therapeutics in immunology and oncology disease areas. As of the Latest Practicable Date, we had a diversified and balanced pipeline of more than ten potentially differentiated drug candidates, among which batoclimab (our Core Product), tanfanercept (our Core Product) and HBM4003 are in clinical development stage. Batoclimab and tanfanercept were in-licensed from HanAll and were not generated from our Harbour antibody platforms.

Since the in-licensing of batoclimab, we have independently (i) completed the Phase 1 clinical trial in Hong Kong; (ii) initiated the registrational Phase 2/3 clinical trial in ITP in Greater China in March 2020; (iii) initiated the Phase 2 clinical trial in MG in Greater China in March 2020 and (iv) initiated the Phase 1b/2 clinical trial in NMOSD in Greater China in January 2020. In addition, the ongoing trials in ITP, MG and NMOSD have dosed the first patient. Since the in-licensing of tanfanercept, we have (i) completed the Phase 2 clinical trial in Greater China and (ii) initiated the registrational Phase 3 clinical trial in Greater China in August 2020.

Our Harbour antibody platforms – HCAb Platform, HBICE™ Platform and H2L2 Platform – constitute what we believe to be a comprehensive technology solution[1] available for discovering the next generation of fully human antibody therapeutics. Our HCAb Platform is a human antibody platform that engineers "heavy chain only" antibodies (HCAb) in a wide variety of formats (such as nanobodies, bispecific or multispecific antibodies and CAR-T) and with favorable developability. Leveraging the technology know-how we accumulated on our HCAb Platform, we have independently developed the HBICE™ Platform, which focuses on generating differentiated HCAb-based bispecific immune cell engagers potentially capable of delivering tumor-killing effects unachievable by combination therapies. Our H2L2 Platform generates, at a rapid rate and in a scalable fashion, classical two heavy and two light immunoglobulin chain antibodies (H2L2) with optimized fully human variable regions,

1 Our Harbour antibody platforms leverage transgenic mice technology, which harnesses the power of the mammalian immune system by immunizing a mouse with a target of interest. Mice are genetically modified such that human immunoglobulin (Ig) genes are inserted into the genome to replace the endogenous Ig genes, enabling the mice to synthesize fully human antibodies upon immunization.

allowing for endogenous affinity maturation and immune effector function. We have exclusively in-licensed the worldwide rights for our H2L2 Platform and HCAb Platform from Erasmus University Medical Center Rotterdam Department of Cell Biology, Erasmus MC Holding B.V., and Roger Kingdon Craig. Our Harbour antibody platforms are equipped with a suite of technologies that optimize or augment the therapeutic activity of antibodies, including important technology expansions for developing "heavy chain only" antibodies (HCAb), which is our HCAb Platform, and for developing differentiated HCAb-based bispecific immune cell engagers potentially capable of delivering tumor-killing effects unachievable by combination therapies, which is our HBICE™ Platform. We are committed to investing in our platforms, generating new therapeutics and developing them into products that address significant unmet medical needs. Our Harbour antibody platforms have been validated by over 45 industry and academic partners with six projects having entered clinical stage as of 30 June 2020. Built upon our strong track record of collaborations, we believe our Harbour antibody platforms will provide revenue creation potential and broaden the scope of our development efforts. We own global rights to use and develop our Harbour antibody platforms, enabling us to maximize the value of our platforms to address global unmet medical needs. See "Business – Intellectual Property" for a detailed disclosure on the patent protection status on our Harbour antibody platforms and the ongoing legal proceedings against the CNIPA for certain patent applications for our H2L2 Platform and HCAb Platform.

We are developing a diversified and balanced pipeline of potentially differentiated cutting-edge immunology and immuno-oncology therapies, both internally and through collaborations with global pharmaceutical and academic partners. The following table summarizes the status of our programs as of the Latest Practicable Date. Batoclimab and tanfanercept are our Core Products (being the Company's "Core Products" for the purpose of Chapter 18A of the Listing Rules).

	Programs *(Licensors)*	Target	Indication	Commercial Rights	Status (Clinical Sites Indicated in Status Bar)
					Discovery / Preclinical / IND / Phase 1 / Phase 2 / Phase 3 / BLA Filing
Immunology	**Batoclimab[2] HBM9161** *(HanAll)*	*FcRn*	* ITP[5]	Greater China[1]	Mainland China — Initiated Ph 2/3 in Mar 2020
			* GO[5]	Greater China[1]	Mainland China — Obtained IND approval for Phase 2/3 clinical trial (expected early 2021); US (Conducted by Immunovant, a licensee of batoclimab for certain territories outside Greater China)
			* MG[5]	Greater China[1]	Mainland China — Initiated Ph 2 in Mar 2020; US (Conducted by Immunovant, a licensee of batoclimab for certain territories outside Greater China)
			* NMOSD[5]	Greater China[1]	Mainland China — Initiated Ph 1b/2 in Jan 2020
			* WAIHA[5]	Greater China[1]	Mainland China — IND preparation; US (Conducted by Immunovant, a licensee of batoclimab for certain territories outside Greater China)
			* CIDP[5]	Greater China[1]	Mainland China — IND preparation
	Tanfanercept[3] HBM9036 *(HanAll)*	*TNFα*	* Dry Eye Disease	Greater China[1]	Mainland China — Initiated Ph 3 in Aug 2020; US (Conducted by Licensor)
	HBM9022 *(Co-develop with AbbVie; Utrecht University; Erasmus Medical Center)*	*SARS-COV-2*	* COVID-19	Global	IND preparation
Immuno-Oncology	**HBM4003[4]**	*CTLA-4*	* Advanced Solid Tumors[6]	Global	Australia — Part 1 ongoing
			* Advanced Solid Tumors[6]		Mainland China — Obtained IND approval in Sep 2020
			* Advanced Solid Tumors[6]		US — Obtained IND approval in Jan 2020
			* Advanced Solid Tumors[6]		Mainland China — Obtained IND approval in Sep 2020
	HBM9302 *(Ichnos[7])*	*HER2×CD3*	Breast Cancer and Gastric Cancer	Greater China[1]	Mainland China — IND preparation; US (Conducted by Licensor)
	HBM1007	*CD73*	Solid Tumors	Global	Preclinical stage
	HBM1029	*Claudin 18.2*	Solid Tumors	Ex-Greater China	Preclinical stage
	HBM7020	*BCMA×CD3*	Multiple Myeloma	Ex-Greater China	Preclinical stage
	HBM7015	*PD-L1×TGF-β*	Solid Tumors	Ex-Greater China	Preclinical stage
	HBM7008	*TAA1×4-1BB*	Solid Tumors	Global	Preclinical stage

HBM · Partner · ★ Registrational Clinical Trial · In-license Program · In-house Program · * Monotherapy · * + PD-1

* As indicated in the pipeline chart above, (i) for batoclimab, we do not own any rights outside Greater China and the trials in the United States are conducted by Immunovant, a licensee of batoclimab for certain territories outside Greater China; (ii) for tanfanercept, we do not own any rights outside Greater China and the trials in the United States are conducted by HanAll, the licensor of tanfanercept and (iii) for HBM9302, we do not own any rights outside Greater China and the trial in the United States is conducted by Ichnos, the licensor of HBM9302.

(1) Greater China includes Mainland China, Taiwan, Hong Kong and Macau.

(2) For batoclimab, (i) we initiated the registrational Phase 2/3 trial in ITP in March 2020; (ii) we plan to initiate the registrational Phase 3 trial directly in GO in 2021; (iii) taking advantage of China's newly amended rare disease policy, we plan to apply for the "breakthrough designation" in both NMOSD and MG in the first half of 2021 to seek an accelerated development pathway and priority review by the NMPA; (iv) we initiated the Phase 2 clinical trial in MG in March 2020; and (v) we initiated the Phase 1b/2 trial in NMOSD in January 2020 and anticipate reporting top-line results from this trial in the first half of 2021. The ongoing trials in ITP, MG and NMOSD have completed the first dosing of the first patient.

(3) For tanfanercept, we received approval from the NMPA in June 2020 on our registrational Phase 3 trial design and strategy and initiated this trial in August 2020.

(4) For HBM4003, we anticipate reporting top-line results from part 1 of the Phase 1 trial in Australia by early 2021. In addition, we obtained an IND approval from the U.S. FDA in January 2020 and an IND approval from the NMPA in China in September 2020, each for conducting the Phase 1 trial for HBM4003 as a monotherapy in advanced solid tumors. Furthermore, we have initiated the development of HBM4003 as a combination therapy with PD-1 for advanced solid tumors. We obtained an IND approval from the NMPA in September 2020 for HBM4003 as a combination therapy with PD-1 for various types of advanced solid tumors.

(5) Immune thrombocytopenia ("ITP"); Graves' ophthalmopathy ("GO"); Myasthenia gravis ("MG"); Neuromyelitis optica spectrum disorder ("NMOSD"); Warm autoimmune hemolytic anemia ("WAIHA"); Chronic inflammatory demyelinating polyradiculoneuropathy ("CIDP").

(6) Advanced solid tumors we intend to focus on include melanoma, MSI-H CRC and NSCLC.

(7) Ichnos Sciences, which was spun off by Glenmark in 2019.

Highlights of Our Immunology Portfolio

Our immunology portfolio includes strategically selected, in-licensed, potentially differentiated clinical assets with near-term revenue potential targeting diseases with high unmet need. Batoclimab (HBM9161) and tanfanercept (HBM9036) are our Core Products, and both of them are well positioned as the first mover to address significant unmet needs in their respective addressable markets in China. Batoclimab and tanfanercept were in-licensed from HanAll and were not generated from our Harbour antibody platforms.

Batoclimab (HBM9161)

Batoclimab is designed as a fully human monoclonal antibody that selectively binds to and inhibits the neonatal fragment crystallizable receptor ("FcRn"). FcRn plays a pivotal role in preventing the degradation of IgG antibodies. High levels of pathogenic IgG antibodies drive many autoimmune diseases. As the clinically most advanced FcRn inhibitor being developed in Greater China, batoclimab has the potential to be a breakthrough treatment for a wide spectrum of autoimmune diseases in Greater China. Furthermore, we are developing batoclimab as a subcutaneously injected regimen, which is simpler, more convenient, and allows the potential for self-administration at home.

In the pre-clinical studies and clinical trials conducted to date, batoclimab has demonstrated its potential. In these trials, batoclimab significantly reduced IgG antibody levels while demonstrating a favorable safety profile, and is the first anti-FcRn antibody that demonstrated a sustained IgG reduction using only subcutaneous injections. In the Phase 1 clinical trial in healthy volunteers in Hong Kong (at Queen Mary Hospital which is officially approved by the NMPA to conduct NMPA-approved clinical trials) by us, subcutaneous injection of batoclimab demonstrated excellent dose-dependent reductions in serum levels of IgG antibodies and was well-tolerated following subcutaneous injection to healthy volunteers. Batoclimab is currently ready for registrational trials in selected indications (ITP and GO) in China and is expected to benefit from the accelerated regulatory pathway for rare diseases in China.

To maximize its commercial potential, we have formulated a robust, tiered "portfolio-in-a-product" development strategy for batoclimab. We are developing batoclimab in Greater China with an initial focus on immune thrombocytopenia (ITP), graves' ophthalmopathy (GO), myasthenia gravis (MG) and neuromyelitis optical spectrum disorder (NMOSD). The NMPA has granted us IND approvals to begin seamless Phase 2/3 registrational clinical trials in ITP and GO, giving us the possibility to proceed directly to the Phase 3 stage following the interim analysis report of the related Phase 2 clinical trials. In March 2020, we initiated the Phase 2/3 registrational trial in ITP. In addition, taking advantage of China's newly amended rare disease policy, we plan to apply for the "breakthrough designation" for batoclimab in both NMOSD and MG in the first half of 2021 to seek an accelerated development pathway and priority review by the NMPA. In March 2020, we initiated a Phase 2 clinical trial for batoclimab in MG. For NMOSD, we initiated a Phase 1b/2 trial in January 2020 and anticipate reporting top-line results from this trial in the first half of 2021.

In addition, we plan to gradually expand our clinical development efforts into additional indications (such as warm autoimmune hemolytic anemia ("WAIHA") and chronic inflammatory demyelinating polyneuropathy ("CIDP")) over the next few years starting later this year. All these additional indications have clear scientific rationale and high unmet medical needs in Greater China.

In 2017, we obtained an exclusive license from HanAll to develop batoclimab in Greater China. As of 30 June 2020, we exclusively licensed from HanAll (i) three issued patents (including one issued in the PRC and two issued in Hong Kong/Macau/Taiwan) and (ii) one patent application in Hong Kong relating to batoclimab. The licensed patents are composition of matter patents in the PRC, Hong Kong, Macau and Taiwan. These composition of matter patents (including patent application if issued) are expected to expire in April 2035.

Tanfanercept (HBM9036)

Tanfanercept is our most advanced product candidate. It is designed to treat moderate-to-severe dry eye disease (DED), which had a prevalence of 77.1 million in China in 2019. It has a mechanism of inhibiting tumor necrosis factor (TNF)-α that causes inflammation in the eye. Tanfanercept has a potential to seize a majority market share in a fast-growing DED drug market in China.

Tanfanercept has demonstrated significant improvements in signs with an excellent safety profile and rapid onset. In the first Phase 3 trial conducted by HanAll in the United States and the Phase 2 trial conducted by us in China, tanfanercept achieved a statistically significant improvements in the total sum of superior, central and inferior corneal areas (TCSS). TCSS demonstrates efficacy across the total corneal region and has been recommended from the very beginning for assessing the treatment efficacy in DED. Therefore, using TCSS as the primary endpoint for our registrational trial in China is a compelling decision in tanfanercept's development in China. In addition, patients treated with tanfanercept reported significant reductions in clinical signs (such as ICSS, TCSS) within four weeks of initiation of treatment, in contrast with some DED products which meet their primary endpoint within three to six months of exposure. Furthermore, in the first Phase 3 trial conducted by HanAll in the United States and the Phase 2 trials in China conducted by us and the United States conducted by HanAll, most of the adverse events (AEs) reported were mild and there was no specific safety risk identified throughout these trials. In the Phase 2 trial conducted by us in China, the treatment-related adverse event rate in the 0.25% tanfanercept group was similar to that in placebo group.

Tanfanercept has a clear development plan with a confirmed regulatory pathway in Greater China. We received approval from the NMPA in June 2020 on our registrational Phase 3 trial design and strategy for tanfanercept, with the primary endpoint being sign improvements (TCSS) only. We initiated the registrational Phase 3 trial in August 2020.

In 2017, we obtained an exclusive license from HanAll to develop tanfanercept in Greater China. As of 30 June 2020, we exclusively licensed from HanAll one issued PRC patent relating to tanfanercept. The licensed patent is a composition of matter patent in the PRC. This composition of matter patent is expected to expire in December 2031.

Highlights of Our Immuno-Oncology Portfolio

Our immuno-oncology portfolio includes mostly internally developed next-generation immune-oncology assets targeting immune-desert, immune-excluded and inflamed tumors. Our Harbour antibody platforms provide the foundation for this portfolio. HBM4003 is the anchor asset of this portfolio.

HBM4003

HBM4003 is a next-generation, fully human anti-CTLA-4 antibody against cytotoxic T-lymphocyte-associated antigen-4 (CTLA-4), one of the major negative regulators of T cell responses. HBM4003 is the first fully human heavy chain only antibody in clinical development. It is also our first internally developed molecule generated on our HCAb Platform, which we have advanced from candidate selection to clinical stage within three years.

HBM4003 has favorable properties compared with conventional anti-CTLA-4 antibodies in pre-clinical settings. These favorable properties include (i) increased potential to deplete intratumoral Treg cells via enhanced ADCC strategy to break the significant immune-suppressive barrier of anti-cancer immunotherapies in solid tumors; (ii) promising safety profile resulting from the reduced drug exposure in the serum; and (iii) extensive combination potential with other anti-tumor or immunomodulatory antibodies, vaccines, and targeted therapies. We believe these favorable properties could potentially lead to superior efficacy and a better safety profile of HBM4003 in clinical settings and enable us to unlock the potential of HBM4003 for more innovative combination therapies.

To allow us to lead in the competition of next generation anti-CTLA-4 antibodies, we have put in place a comprehensive, risk tiered development strategy for HBM4003. First, we will carefully target potential indications for HBM4003 where there continues to be significant unmet needs, where there is a strong scientific rationale and where there has been established a proof of concept based on ipilimumab or there is a preliminary efficacy signal from available HBM4003 data. Second, among the indications we selected, we intend to explore monotherapy trials for ipilimumab-approved indications and combination therapies for other selected indications for the next few years.

Based on this development strategy, our focus is to first study HBM4003 as a monotherapy in a Phase 1 clinical trial in Australia in patients with advanced solid tumors. This Phase 1 clinical trial is the first part of our overarching China and global development program, with clinical trials conducted globally covering both mono-and combination (PD-1) therapies. We anticipate reporting top-line results from part 1 of this trial by early 2021. In addition, we

obtained an IND approval from the U.S. FDA in January 2020 and an IND approval from the NMPA in China in September 2020, each for conducting a Phase 1 trial for HBM4003 as a monotherapy in advanced solid tumors. Furthermore, we have initiated the development of HBM4003 as a combination therapy with PD-1 for advanced solid tumors, including melanoma, MSI-H CRC and NSCLC. We obtained an IND approval from the NMPA in September 2020 for HBM4003 as a combination therapy with PD-1 for various types of advanced solid tumors (such as melanoma, MSI-H CRC and NSCLC).

A robust innovative portfolio of HCAb-based bispecific antibodies

Leveraging the HCAb-based immune cell engagers generated on our HBICE™ Platform, we are building a highly innovative discovery portfolio designed to expand and improve the current immuno-oncology therapies. This portfolio is spearheaded by our leading programs HBM7020 and HBM7008. HBM7020 is being developed as a bispecific antibody targeting BCMAxCD3 and has the potential to be a highly efficacious bispecific antibody to selectively deplete BCMA-positive multiple myeloma cells with minimal cytokine release and without affecting BCMA-negative cells. HBM7008 is a bispecific antibody targeting Tumor Associated Antigen (TAA)x4-1BB that not only displays high potency in the T cell co-stimulation and tumor growth inhibition, and potentially may also translate to better safety due to its strict dependency on TAA-mediated crosslinking T cell activation. We believe these attractive attributes that each of these two assets has exemplify the power of our HBICE™ Platform for development of next generation therapeutic antibodies.

To achieve our vision and maximize the commercial opportunities in antibody therapeutic development, we have developed a business model built on the following two pillars: (i) accessing world-class innovation through collaborations with reputable academics and (ii) co-discovery with reputable industry partners to build an extended portfolio. Our business model allows us to leverage our collaborators' expertise to advance the development of our proprietary product candidates and provides us with more monetization opportunities. For example, we are collaborating with Abbvie, a global leader in developing innovative antiviral therapies, Utrecht University (UU) and Erasmus Medical Center, to co-develop a fully human, COVID-19 neutralizing antibody 47D11 discovered on our Harbour antibody platforms. Recently published in Nature Communications, the antibody jointly owned by us has shown promising properties in late-stage preclinical settings. With Abbvie's support, this collaboration is an endorsement of our approach to fully human antibody discovery and development and provides an excellent opportunity to translate our research into a clinical candidate with great potential for advancing the fight against this global pandemic.

We were established in 2016. Led by our principal Founder, Dr. Jingsong Wang, a widely recognized leader in China's biotech industry, our management team and scientific advisory board have deep experience and capabilities in discovering, developing and commercializing antibody therapeutics with a particular focus on immunology and immuno-oncology therapies. In addition, our management team and scientific advisory board have on average more than 15

years of pharma research and development experience at the world's leading pharmaceutical companies and research institutions. Our management team has built a scientifically-driven and collaborative culture fostering both nimble and rational decision-making.

OUR STRENGTHS

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

- Harbour antibody platforms that enable us to design and discover the next generation of potentially differentiated molecules
- An immunology portfolio led by strategically selected, potentially differentiated therapies targeting immunology disorders with significant addressable markets
- An internally developed robust immunology-oncology portfolio comprising of potentially differentiated molecules, including HBM4003, and other targets and molecules highlighted by HCAb-based bispecifics
- An innovative business model leveraging our productive R&D platform to lead the next generation of valuable antibody therapies
- Led by a world-class management team with deep industry experience and backed by blue chip investors

OUR STRATEGIES

Our vision is to bring innovative medicines for healthy life. Our mission is to become a leading company driving innovation of next generation therapeutics. We intend to achieve this by leveraging our Harbour mice technologies to design innovative molecules against a variety of drug candidate targets. We also aim to maximize the value of our technology platform both internally and with our partners across the world. Set forth below are the key elements of our strategies:

- Rapidly advance clinical programs to seek regulatory approval and commercialization of our late-stage clinical assets, batoclimab (HBM9161) and tanfanercept (HBM9036), in China
- Continue to develop and advance immuno-oncology differentiated molecules, including HBM4003, HBM7020 and HBM7008, among others, by utilizing our next generation technology platforms
- Maximize the value of our Harbour antibody platforms through our extensive network and collaborations
- Continue to upgrade our antibody platform technologies to consistently and repeatedly provide the tools to design and develop differentiated molecules

- Build a fully integrated biopharmaceutical platform with manufacturing and commercialization capabilities

OUR MARKET OPPORTUNITY

Batoclimab for IgG-Mediated Autoimmune Diseases

Our batoclimab is the only FcRn inhibitor under development in Greater China for IgG-mediated autoimmune diseases. According to the Frost & Sullivan Report, China's IgG-mediated autoimmune disease biologics drug market is expected to continue its robust growth in the future due to more breakthrough treatments (including batoclimab) expected to become available over the next few years. We are developing batoclimab in Greater China with an initial focus on immune thrombocytopenia (ITP), graves' ophthalmopathy (GO), myasthenia gravis (MG) and neuromyelitis optical spectrum disorder (NMOSD).

Immune Thrombocytopenia (ITP)

We believe there remains a significant unmet medical need in China for ITP drugs. From 2015 to 2019, the prevalence of ITP in adults increased from 195.8 thousand to 203.9 thousand. With the aging population in China, the prevalence of ITP in China is estimated to reach 213.7 thousand by 2024. By 2030, it is anticipated to reach 224.2 thousand. The first-line therapy for ITP in China is corticosteroids, with an initial response rate between 50% and 90% but a durable response rate of only 10% to 30% for patients under maintenance treatments. Currently, there are only two marketed ITP drugs in the China market, i.e., Novartis's Revolade® and 3SBio's Recombinant Human Thrombopoietin Injection and, besides batoclimab, six drug candidates in clinical development in China. According to the Frost & Sullivan Report, the market size of the ITP drug market in China increased from US$46.5 million in 2015 to US$173.4 million in 2019 in term of the sales revenue, representing a CAGR of 38.9%. It is estimated that the market size of the ITP drug market in China will reach US$553.8 million in 2024 at a CAGR of 26.1% from 2019 to 2024, and further reach US$1,193.9 million in 2030 at a CAGR of 13.7% from 2024 to 2030, according to the Frost & Sullivan Report. See "Industry Overview – Overview of Immune Thrombocytopenia (ITP) Drug Market" for more information on the competitive landscape and market potential of batoclimab in ITP in China.

Graves' Ophthalmopathy (GO)

As treatment of Graves' ophthalmopathy remains to be a challenge, there remains a unmet medical need to search for improved treatment modalities for GO. From 2015 to 2019, the incidence of GO in adults increased from 107.9 thousand to 117.3 thousand. The incidence of GO in China is estimated to reach 127.9 thousand by 2024. By 2030, it is anticipated to reach 139.4 thousand. There is currently no approved biologics treatment or biologic drug candidates in clinical development for GO in China. Batoclimab, if approved, likely will not only be used in moderate-to-severe active GO patients or patients refractory to immunosuppressants but also may compete with corticosteroid and immunosuppressant therapies. The traditional therapies

have not been approved in China for GO indication and have significant side effects and can adversely affect patients' quality of life. According to the Frost & Sullivan Report, the market size of the GO drug market in China increased slightly from US$1.7 million in 2015 to US$1.8 million in 2019, representing a CAGR of 2.0%. With more novel GO therapies, such as FcRn inhibitors, expected to be launched in China, it is estimated that the market size of the GO drug market in China will reach US$14.8 million in 2024 with a CAGR of 52.2% from 2019 to 2024, and further reach US$450.5 million in 2030 with a CAGR of 76.8% from 2024 to 2030. See "Industry Overview – Overview of Graves Ophthalmopathy (GO) Drug Market" for more information on the competitive landscape and market potential of batoclimab in GO in China.

Myasthenia Gravis (MG)

We believe there remains a significant unmet medical need in China for MG drugs. MG has an estimated annual incidence of 29.4 thousand in China. From 2015 to 2019, the prevalence of MG in adults increased from 157.1 thousand to 165.6 thousand. The prevalence of MG in China is estimated to reach 175.9 thousand by 2024. By 2030, it is anticipated to reach 185.7 thousand. There is no approved biologics treatment for MG in China and besides batoclimab, there is only one biologic drug candidate in MG in clinical development in China. According to the Frost & Sullivan Report, the MG drug market in China increased from US$32.1 million in 2015 to US$43.1 million in 2019, representing a CAGR of 7.6%. It is estimated that the market size of the MG drug market in China will reach US$148.5 million in 2024 at a CAGR of 28.1% from 2019 to 2024, and further reach US$1,077.5 million in 2030 at a CAGR of 39.1% from 2024 to 2030. See "Industry Overview – Overview of Myasthenia Gravis (MG) Drug Market" for more information on the competitive landscape and market potential of batoclimab in MG in China.

Neuromyelitis Optical Spectrum Disorder (NMOSD)

We believe there remains a significant unmet medical need in China for NMOSD drugs. NMOSD has an estimated annual incidence of 40 thousand in China, with 60% patient relapse in one year. From 2015 to 2019, the prevalence of NMOSD in adults increased from 37.2 thousand to 39.2 thousand. The incidences of NMOSD in China are estimated to reach 41.6 thousand by 2024. By 2030, it is anticipated to reach 43.8 thousand. There is no approved treatment for NMOSD in China. Besides batoclimab, there are four NMOSD drug candidates in clinical development in China (all of which are maintenance treatments). According to the Frost & Sullivan Report, the market size of NMOSD drugs in China increased from US$36.6 million in 2015 to US$46.6 million in 2019, representing a CAGR of 6.2%. It is estimated that the market size of the NMOSD drug market in China will reach US$118.5 million in 2024 at a CAGR of 20.5% from 2019 to 2024, and further reach US$303.7 million in 2030 at a CAGR of 17.0% from 2024 to 2030. See "Industry Overview – Overview of Neuromyelitis Optical Spectrum Disorder (NMOSD) Drug Market" for more information on the competitive landscape and market potential of batoclimab in NMOSD in China.

Tanfanercept for Dry Eye Disease (DED)

We believe there remains a significant unmet medical need in China for DED drugs. DED is highly prevalent, currently affecting more than 190.4 million adults in China, accounting for 16.8% of China's adult population in 2019. In addition, the prevalence of moderate and severe DED is 77.1 million in 2019 and is expected to grow due to an aging population, deteriorating environmental pollution, increase in autoimmune diseases, contact lens wear and digital screen time. It is expected that the prevalence of moderate-to-severe DED in China will increase to 85.7 million in 2024 and further to 93.7 million in 2030. In China, there is only one anti-inflammatory drug (a cyclosporine eye drop) approved in China for the treatment of moderate to severe DED. Besides tanfanercept, there is one anti-inflammatory DED drug candidate in clinical development in China. According to the Frost & Sullivan Report, China's moderate-to-severe DED drug market remained stable in terms of sales revenue from 2015 to 2019, given the limited treatment options. With launch of innovative immunomodulatory DED drugs, increasing patient awareness and diagnosis and treatment rates, China's moderate-to-severe DED drug market is expected to grow from US$0.3 billion in 2024 to US$1.6 billion in 2030, at a CAGR of 34.1%. See "Industry Overview – Overview of Dry Eye Disease Drug Market" for more information on the competitive landscape and market potential of tanfanercept in DED in China.

HBM4003 in CTLA-4 Inhibitors Market

Ipilimumab (Yervoy) is currently the only marketed CTLA-4 antibody. Yervoy was approved as a monotherapy and as part of the combination therapy in melanoma and in renal cell carcinoma in the United States. From 2012 to 2019, the sales revenue of Yervoy increased from US$706 million to US$1,489 million. Globally, the size of the CTLA-4 antibody market gradually increased to US$1.5 billion in 2019 due to commercialization of a few CTLA-4/PD-1 combination therapies for melanoma, RCC, MSI-H CRC since the approval of Yervoy. In 2020, the U.S. FDA approved ipilimumab/nivolumab combination therapy as a first-line treatment for NSCLC and as a second-line treatment for HCC. In addition, there are currently over 10 CTLA-4 antibodies in clinical development. For example, BMS is conducting numerous clinical trials of Yervoy in the United States both as a monotherapy and in combination with other therapies, such as nivolumab. According to the Frost & Sullivan Report, the launch of innovative CTLA-4 antibodies with higher safety and better efficacy and targeting more indications will drive the growth of the CTLA-4 market globally. According to the Frost & Sullivan Report, in the United States, the CTLA-4 market (by sales) is anticipated to reach US$2.0 billion in 2024 from US$1.0 billion in 2019, with a CAGR of 15.2% from 2019 to 2024 and further increase US$3.5 billion in 2030 with a CAGR of 9.5% from 2024 to 2030. According to the Frost & Sullivan Report, in Europe, the CTLA-4 market (by sales) is anticipated to increase to US$1.1 billion in 2024 from US$0.4 billion in 2019 with a CAGR of 23.8% from 2019 to 2024 and further increase to US$2.3 billion in 2030 with a CAGR of 12.9% from 2024 to 2030. In China, Yervoy is expected to launch in 2020. According to the Frost & Sullivan Report, the CTLA-4 market (by sales) is expected to reach US$1.7 billion in 2030 with a CAGR of 30.6% from 2024 to 2030. Yervoy has not been approved in China. For

more information on the market potential and a detailed competitive landscape of the CTLA-4 inhibitors in clinical development outside China and in China, see "Industry Overview – Overview of CTLA-4 Inhibitors Market Globally and in China."

OUR RESEARCH AND DEVELOPMENT

We believe research and development is critical to our future growth and our ability to remain competitive in the biopharmaceutical market. We are dedicated to building a leading biopharmaceutical company driving innovation of next generation antibody therapeutics.

We have established a robust governance regime for all stages of our research and development activities, through our internal discovery, CMC, pre-clinical and clinical development programs, and through product acquisition and in-licensing strategies. The research and development governance regime has enabled our senior management to continuously oversee and monitor our company's research and development activities for complying with applicable laws, regulations, rules, guidelines and internal policies. In particular, we have established (i) the Research Portfolio Review Board (RPRB) for leading the strategy development and driving the operation of all discovery and pre-clinical programs and (ii) the Development Portfolio Research Board (DPRB) for steering the development of all clinical development-stage drug candidates. Each of these two boards consists of senior representatives from the respective functional units to review, discuss and determine the critical "checkpoints" of our research and development activities.

We conduct our R&D operations in China, the United States and Europe through our network of innovation. In China, we have access to a deep scientific talent pool and proximity to extensive pre-clinical study and clinical trial resources through collaborations with leading hospitals. Our U.S. R&D operations are currently primarily responsible for the studies of our discovery-stage drug candidates. Our R&D operations in the Netherlands are currently primarily responsible for the continued development of our H2L2 Platform and HCAb Platform through collaboration with Erasmus Medical Center and other academic institutions in Europe. As of 30 June 2020, we had a total number of 143 employees and six consultants engaging in R&D functions, among which 136 were located in China, 12 were located in the United States and one was located in Europe.

Immediately after in-licensing tanfanercept (a Core Product) and batoclimab (a Core Product), we formulated a comprehensive clinical development strategy for each drug candidate. Our senior management has led an internal team with extensive clinical development experience and worked with industry-leading CROs to carry out the following activities for the ongoing and planned clinical trials of tanfanercept and batoclimab: (i) clinical development plan formulation by taking into consideration both the scientific rationale (e.g., mechanism of action, pre-clinical data, available clinical data, and research opportunity assessment) and market value assessment (e.g., addressable patient population evaluation, market access analysis, and competitive landscape consideration), (ii) design of trial protocol, including study objectives and endpoints, study population (sample size and inclusion/exclusion criteria), study duration, randomization schedule, adverse events and

serious adverse events, quality control and quality assurance, and data management, (iii) trial preparation, including site selection and laboratory visits, (iv) patient recruitment, including carrying out patient evaluation based on study design and obtaining subject information consent, (v) patient dosing, such as carrying out daily measurements and monitoring for adverse events through certain CROs, and (vi) outcome measurements, including efficacy and safety endpoint data assessment. Our internal clinical development team has performed core functions such as designing clinical development strategy and protocol in-house and exercising control and oversight over key components of clinical trial management, including data source validation. With close supervision and control, we have worked with leading CROs on day-to-day clinical activities to ensure effective and seamless execution. Tanfanercept's and batoclimab's clinical development programs are led by program leaders with extensive clinical development experience and knowledge who formulate a clinical development plan, design the trial protocol, oversee the trial execution and prepare the regulatory filing, all with support from the other experienced team members.

COMMERCIALIZATION AND MANUFACTURING

We have relied on and plan to continue to rely on third-party CROs to monitor and manage data for some of our ongoing clinical programs. We also rely on third parties to assist in conducting our pre-clinical studies. We currently do not own any manufacturing facilities. In addition, we currently have no products approved for commercial sale, and to date we have not generated any revenue from product sales.

We are in the process of executing our launch readiness plan and formulating our sales and marketing plan in anticipation of potential multiple product and indication launches within the next three years.

Our current launch readiness efforts are carried out by a cross-functional team, consisting of clinical, regulatory, CMC, strategic marketing, medical affairs and market access/government affairs, as well as legal, compliance and public relations. The focus will be on product readiness, market readiness and organizational readiness. We intend to deliver the combination of the following: a successful medical package, a competitive marketing campaign, a compelling payor dossier for both self-pay and reimbursement, a well-trained, fully integrated cross-functional launch team, and a market warmed up and ready for our life-changing medicine.

We intend to build our commercialization capabilities through a combination of internal sales and marketing team and external marketing and distribution partnerships, with the goal of achieving broader patient access through hospitals across China using an efficient and specialized team. For batoclimab, we plan to build our internal team for commercialization, with an initial size of a 100 to 150 person sales and marketing team to cover the key hospitals and medical centers with concentrated medical expertise and patient coverage in the indicated disease areas. We expect to further expand the team as additional indications being approved and build a business unit for batoclimab as part of our portfolio-in-a-product strategy. For tanfanercept, we are exploring collaboration with a pharmaceutical company in China with

strong presence in ophthalmology to gain quick access to market for future product launch. Our long term strategy is to maximize the value of our drug candidates by building an in-house sales and marketing team in China focusing on our strategic therapeutic area of oncology and immunology, with combination of entering into collaboration agreements for certain territories outside China, and in non-core therapeutic areas. We will revisit the sales and marketing headcount when our late stage drug candidates are nearing the regulatory approval and commercialization. See "– Our Strategies" for more information on the commercialization plan for our most advanced drug candidates.

We currently do not own any manufacturing facilities. We believe developing our internal manufacturing capacity is important to enable further process improvements, maintain quality control, limit our reliance on contract manufacturers and protect our trade secrets and other intellectual property. We currently adopt a two-step approach to build out our own manufacturing capabilities in the future in China:

- In the near term, we plan to utilize the CMC capabilities of our third-party CMOs and co-discovery business partners to build expertise in manufacturing process and accumulate related know-how.

- In the mid-to-long term, we intend to build our own biologics manufacturing facility in China to produce drug substance and drug products for clinical use and future commercial use. We expect to fully leverage our HCAb-based technological advantages and build our scalable and efficient manufacturing core competence in the future.

See "Business – Commercialization" and "Business – Manufacturing" for details.

SUPPLIERS

We use CROs to support our clinical trials and pre-clinical studies in China, Australia and the United States. We selected our CROs by weighing various factors, such as their qualifications, academic and professional experience and industry reputation. We also outsource the production of drug candidates to a limited number of industry-leading third-party CMOs, which we select by reviewing a number of factors including qualifications, relevant expertise, production capacity, track record, and terms offered by them.

PRE-IPO INVESTORS

We have entered into multiple rounds of financing and entered into agreements with our Pre-IPO Investors. We have raised over US$300 million in equity financing from our dedicated group of investors. Our broad and diverse base of Pre-IPO Investors consists of venture capital and private equity funds and investment holding companies, some with specific focus on the healthcare sector. For further details, see "History, development and corporate Structure – Pre-IPO Investments".

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. The summary financial data set forth below should be read together with our Consolidated Financial Statements and the related notes, as well as the section headed "Financial information." Our financial information was prepared in accordance with IFRS.

Selected Items of Consolidated Statements of Profit or Loss

The following table summarizes our consolidated statements of profit or loss for the periods indicated, derived from our consolidated statements of profit or loss set out in the Accountants' Report included in Appendix I to this document:

(US$ in thousands)	Year Ended 31 December		Six Months Ended 30 June	
	2018	**2019**	**2019**	**2020**
REVENUE	1,483	5,419	556	6,070
Cost of sales	(647)	(623)	(291)	(287)
Gross profit	836	4,796	265	5,783
Other income and gains	528	1,581	354	349
Administrative expenses	(6,496)	(10,587)	(5,315)	(5,306)
Research and development costs	(31,630)	(49,477)	(28,040)	(15,198)
Gain/(loss) on fair value change of convertible redeemable preferred shares	2,853	(13,387)	(4,738)	(33,162)
Other expenses	(198)	(301)	(36)	(667)
Finance costs	(532)	(213)	(68)	(235)
LOSS BEFORE TAX	(34,639)	(67,588)	(37,578)	(48,436)
Income tax credit	56	92	38	54
LOSS FOR THE YEAR/PERIOD	(34,583)	(67,496)	(37,540)	(48,382)
Attributable to:				
Owners of the parent	(34,583)	(67,460)	(37,517)	(48,305)
Non-controlling interests	–	(36)	(23)	(77)

We currently have no products approved for commercial sale and have not generated any revenue from product sales. During the Track Record Period, all of our revenues were generated from licensing and collaboration arrangements with third parties, including (i) the technology license fees we charged in connection with their using our transgenic mice technologies on our Harbour antibody platforms; (ii) the molecule license fees we charged in connection with out-licensing the molecules generated on our Harbour antibody platforms; and (iii) the platform-based research fees we charged in connection with providing related services based on our Harbour antibody platforms.

We were not profitable and incurred operating losses during the Track Record Period. Our operating loss was US$34.6 million, US$67.5 million and US$48.4 million for the years ended 31 December 2018 and 2019 and for the six months ended 30 June 2020, respectively. Our operating losses primarily resulted from research and development costs, loss on fair value change of convertible redeemable preferred shares, and administrative expenses.

We expect to incur significant expenses and operating losses for at least the next several years as we further our pre-clinical research and development efforts, continue the clinical development of, and seek regulatory approval for, our drug candidates, launch commercialization of our pipeline products, and add personnel necessary to develop and operate our technology platform. Subsequent to the Listing we expect to incur costs associated with operating as a public company. We expect that our financial performance will fluctuate from period to period due to the status of the development of our drug candidates, regulatory approval timeline and commercialization of our drug candidates.

Selected Items from Consolidated Statements of Financial Position

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from the Accountants' Report set out in Appendix I:

(US$ in thousands)	**As of 31 December**		**As of 30 June**
	2018	**2019**	**2020**
Total non-current assets	15,568	23,018	20,536
Total current assets	67,931	46,481	102,123
Total assets	83,499	69,499	122,659
Total current liabilities	9,382	17,914	10,301
Total non-current liabilities	159,988	205,032	313,951
Total liabilities	169,370	222,946	324,252
Net liabilities	(85,871)	(153,447)	(201,593)
Non-controlling interests	–	(36)	(113)
Net current assets	58,549	28,567	91,822

We had net liabilities of US$85.9 million, US$153.4 million and US$201.6 million as of 31 December 2018, 31 December 2019 and 30 June 2020, respectively. The increases were primarily attributable to the increases of convertible redeemable preferred shares from US$155.9 million as of 31 December 2018 to US$202.3 million as of 31 December 2019 and US$311.4 million as of 30 June 2020, resulting from our multiple rounds of Pre-IPO Investments. Our convertible redeemable preferred shares will be converted into ordinary shares upon Listing. Afterwards, we do not expect to recognize any further loss or gain on fair value changes from the convertible redeemable preferred shares and may revert back to a net assets position from a net liabilities position.

The Directors are of the opinion that, taking into account the financial resources available to us, including cash and cash equivalents, internally generated funds, investments, the estimated net proceeds from the Global Offering, and our cash burn rate, which is the average monthly cash used in operations plus payments for property, plant and equipment, we have sufficient working capital to cover at least 125% of our costs, including research and development costs and general and administrative and operating costs, for at least the next 12 months from the expected date of this document. Without taking into account the proceeds from the Global Offering, our Directors believe that we have sufficient working capital for approximately 12 months. In view of our cash outflow from operating activities and our net losses incurred/recorded throughout the Track Record Period, we plan to ensure our working capital sufficiency by: (i) rapidly advancing our late-stage drug assets towards commercialization to generate revenue from product sales; (ii) adopting comprehensive measures to effectively control cost and operating expenses, in particular administrative expenses; (iii) enhancing working capital management efficiency; and (iv) generating funding through collaboration and licensing fee arrangements or other sources, when needed.

Selected Items from Consolidated Cash Flow Statements

The following table sets forth our cash flows for the periods indicated.

(US$ in thousands)	Year Ended 31 December		Six Months Ended 30 June	
	2018	2019	2019	2020
Cash flows from operating activities before movements in working capital	(34,876)	(49,788)	(31,168)	(11,886)
Changes in working capital	1,617	3,596	7,541	(7,054)
Income tax paid	(52)	(15)	(15)	–
Net cash flows used in operating activities	(33,311)	(46,207)	(23,642)	(18,940)
Interest received	366	576	246	288
Net cash flows (used in)/ generated from investing activities	(16,856)	(3,601)	50	(15,663)
Net cash flows generated from/ (used in) financing activities	94,090	32,029	(533)	75,736
Net increase/(decrease) in cash and cash equivalents	43,923	(17,779)	(24,125)	41,133
Cash and cash equivalents at beginning of year/period	1,393	45,292	45,292	27,391
Effect of foreign exchange rate changes, net	(24)	(122)	(10)	(84)
Cash and cash equivalents at end of year/period	45,292	27,391	21,157	68,440

We plan to improve our net operating cash outflows position through: (i) rapidly advancing our late-stage drug assets towards commercialization to generate revenue from product sales; (ii) adopting comprehensive measures to effectively control cost and operating expenses, in particular administrative expenses; and (iii) enhancing working capital management efficiency.

For the six months ended 30 June 2020, our net cash flows used in operating activities was US$18.9 million. Our loss before tax was US$48.4 million for the same period. The difference between our loss before tax and our net cash flows used in operating activities was primarily attributable to (i) certain non-cash expenses or loss, including loss on fair value change of convertible redeemable preferred shares of US$33.2 million and depreciation of property, plant and equipment of US$2.1 million; and (ii) changes in certain working capital items, including a decrease in trade receivables by US$1.3 million, partially offset by a decrease in trade payables by US$5.0 million and a decrease in contract liabilities by US$2.6 million.

For the year ended 31 December 2019, our net cash flows used in operating activities was US$46.2 million. Our loss before tax was US$67.6 million for the same period. The difference between our loss before tax and our net cash flows used in operating activities was primarily attributable to (i) certain non-cash expenses or loss, including loss on fair value change of convertible redeemable preferred shares of US$13.4 million and depreciation of property, plant and equipment of US$2.8 million; and (ii) changes in certain working capital items, including an increase in trade payables by US$4.2 million and an increase in contract liabilities by US$3.4 million, partially offset by an increase in prepayments, other receivables and other assets by US$3.2 million and an increase in trade receivables by US$1.4 million.

For the year ended 31 December 2018, our net cash flows used in operating activities was US$33.3 million. Our loss before tax was US$34.6 million for the same period. The difference between our loss before tax and our net cash flows used in operating activities was primarily attributable to (i) certain non-cash expenses or gains, including gain on fair value of change of convertible redeemable preferred shares of US$2.9 million; and (ii) changes in certain working capital items, including an increase in trade payables by US$3.6 million, partially offset by an increase in prepayments, other receivables and other assets by US$3.8 million.

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

KEY FINANCIAL RATIOS

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

	As of 31 December		As of 30 June
	2018	2019	2020
Current Ratio[(1)]	7.24	2.59	9.91

Note:

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

See "Financial information – Discussion of Selected Items of Consolidated Statements of Profit or Loss" for a discussion of the factors affecting our results of operations during the respective periods.

RECENT DEVELOPMENTS

In August 2020, we initiated the registrational trial for tanfanercept as a topical treatment in patients with DED in Greater China.

In July 2020, we raised an additional US$68.8 million as part of the issuance of total US$102.8 million series C convertible redeemable preferred shares.

Impact of the COVID-19 Outbreak

As of the Latest Practicable Date, the impact of the ongoing global coronavirus-19 (COVID-19) pandemic to our business has been limited. To date, although COVID-19 has caused some delays in the initiation of the ongoing trials of certain clinical-stage drug candidates in early 2020, the COVID-19 pandemic has not had a material impact on our ongoing clinical activities, in particular, clinical activities related to tanfanercept and batoclimab, our Core Products. See "Business – Our Drug Candidates" for our clinical development plan for each of tanfanercept and batoclimab. As of the Latest Practicable Date, the outbreak of COVID-19 has not caused any early termination of our clinical trials or necessitated removal of any enrolled patients. We have employed various measures to mitigate impacts of the COVID-19 outbreak may have on our currently ongoing trials in Greater China and Australia. We worked closely with our CROs to monitor the situation and manage the process of our clinical trials. We maintained contact with our patients to ensure that they remain on the trials and that any information they need will be readily available. In addition, we believe the COVID-19 outbreak has not significantly impacted our ability to carry out our obligations under existing contracts or disrupted any supply chains that we rely upon.

As of the Latest Practicable Date, we have not had any suspected or confirmed COVID-19 cases on our premises or among our employees. To prevent any spread of COVID-19 in our offices and research facilities, we have adopted a thorough disease prevention scheme to protect our employees from contracting COVID-19. The measures we have implemented include, among others, regularly sterilizing and ventilating our offices, checking the body temperature of our employees, keeping track of the travel history and health conditions of employees and their immediate family members, providing face masks to employees attending the office, minimizing in-person meetings to the extent possible and encouraging employees to wear masks when needed. As of the Latest Practicable Date, our ongoing clinical trials and CROs had resumed full and normal operations and the COVID-19 outbreak had not resulted in a major disruption to our operations.

Although we believe we have implemented strategies to potentially minimize the impact of the COVID-19 pandemic to our business, we expect that we may experience delays with respect to the initiation and patient enrollment of certain additional trials. The extent to which the COVID-19 pandemic impacts the timing of these additional trials will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of the pandemic, any restrictions on the ability of hospitals and trial sites to conduct trials that are not designed to address the COVID-19 pandemic and the perceived effectiveness of actions taken in China, the United States and Australia to contain and treat the disease. We will continue to evaluate the impact of the COVID-19 pandemic to our business.

Our Directors believe that, based on information available as of the Latest Practicable Date, the outbreak of COVID-19 would not result in a material disruption to our business operations or have any material impact on our clinical trial progress and expected IND/NDA submission timeline, because (i) none of our offices are located in regions under lockdown; (ii) our operations have not experienced any material disruption since the outbreak of COVID-19;

(iii) most of our employees do not reside in regions under lockdown; (iv) our research and development team have resumed working; and (v) our operations in the United States and the Netherlands have generally not been materially affected by the outbreak of COVID-19.

Taking into account our past and prospective cash burn rate, including but not limited to future clinical development and administrative expenses, lease payment, capital expenditure and current financial position, our ability to control the speed and breadth of our clinical development and business development activities and our expansion in headcount, our current internal resources and net proceeds from the Global Offering based on the low-end of the Offer Price, our Directors estimate that our financial resources can support our research and development activities and business operations for approximately three years.

There are, however, still uncertainties with regard to the continued development of COVID-19 and its implications, and we will continue to assess the situation and seek to put in place relevant mitigating measures where necessary. The above analyses are made by our management based on currently available information concerning COVID-19. We cannot guarantee that the outbreak of COVID-19 will not further escalate or have a material adverse effect on our business operations. Please also see "Risk factors – Risks Related to Our Industry, Business and Operations – Our business, financial condition and results of operations could be adversely affected by the COVID-19 outbreak." and "Risk factors – Risks Related to Our Industry, Business and Operations – Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses."

We expect to record an increase in net loss for the year ending 31 December 2020 because we will continue to incur significant expenses as we continue the clinical development of our drug candidates, in particular, our Core Products. Fair value changes of convertible redeemable preferred shares significantly impacted our performance during the Track Record Period and will affect our performance subsequent to the Track Record Period, which may result in an increase in our forecast loss for year ended 31 December 2020. Our Preferred Shares will be converted into ordinary shares upon Listing. Afterwards, we do not expect to recognize any further loss or gain on fair value changes from the convertible redeemable preferred shares and may revert back to a net assets position from a net liabilities position.

Our Directors confirm that there has been no material adverse change in our financial, operational or trading positions or prospects since 30 June 2020, being the date of our consolidated financial statements as set out in the Accountants' Report included in Appendix I, and up to the date of this document.

GLOBAL OFFERING

This document is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises: the Hong Kong Public Offering of 13,824,000 Offer Shares (subject to adjustment) in Hong Kong as described in the section headed "Structure and conditions of the Global Offering – The Hong Kong Public Offering" in this document; and the International Offering of an aggregate of initially 124,397,000 Shares (subject to adjustment and the Over-allotment Option), (a) in the United States to QIBs in reliance on Rule 144A or another available exemption; and (b) outside the United States in reliance on Regulation S (including to professional and institutional investors in Hong Kong).

The Offer Shares will represent 18% of the issued share capital of our Company immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised and no Shares are issued pursuant to the Pre-IPO Equity Plan.

OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 13,824,000 new Shares are issued pursuant to the Global Offering; and (ii) 767,891,160 Shares are issued and outstanding following the completion of the Global Offering.

	Based on an Offer Price of HK$11.70	**Based on an Offer Price of HK$12.92**
Market capitalisation of our Shares[(1)]	HK$8,984.3 million	HK$9,921.2 million
Unaudited pro forma adjusted net tangible asset per Share[(2)(3)]	HK$3.00 (US$0.39)	HK$3.21 (US$0.41)

Notes:

(1) The calculation of market capitalisation is based on 767,891,160 Shares expected to be in issue immediately upon completion of the Global Offering.

(2) The unaudited pro forma adjusted net tangible asset per Share is calculated after making the adjustments referred to in Appendix II and on the basis that 767,891,160 Shares are expected to be in issue immediately upon completion of the Global Offering.

(3) The unaudited pro forma adjusted consolidated net tangible assets have not taken into account the effect of the raising of an additional proceed of US$68,800,000 from the issuance of Series C Preferred Shares in July 2020. Had the additional proceed of US$68,800,000 been taken into account, the unaudited pro forma adjusted consolidated net tangible assets per Share would be HK$3.70 per Share (equivalent to US$0.48 per Share, based on the Offer Price of HK$11.70 per Share) or HK$3.91 per Share (equivalent to US$0.50 per Share, based on the Offer Price of HK$12.92 per Share).

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

DIVIDENDS

Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. As advised by our Cayman Islands counsel, under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be declared or paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Investors should not purchase our shares with the expectation of receiving cash dividends. We did not declare or pay any dividends on our shares during the Track Record Period and we do not anticipate paying any cash dividends in the foreseeable future.

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately HK$112.0 million (including underwriting commission, assuming an Offer Price of HK$12.31 per Share, being the mid-point of the indicative Offer Price range of HK$11.70 to HK$12.92 per Share), assuming the Over-allotment Option is not exercised and no additional Shares are issued pursuant to the Pre-IPO Equity Plan. No such expenses were recognized and charged to our consolidated statements of profit or loss for the years ended 31 December 2018 and 2019. For the six months ended 30 June 2020, the listing expenses charged to profit or loss were US$0.6 million and capitalized to prepayments were US$0.2 million. After 30 June 2020, approximately US$5.1 million is expected to be charged to our consolidated statements of profit or loss, and approximately US$8.5 million is expected to be accounted for as a deduction from equity upon the Listing. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. The estimated amount of listing expenses will account for approximately 6.6% of the gross proceeds of the Global Offering (assuming the Over-allotment Option is not exercised).

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$1,589.5 million after deducting the underwriting fees and expenses related to the Global Offering, assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK$12.31 per Offer Share, being the mid-point of the indicative Offer Price range of HK$11.70 to HK$12.92 per Offer Share in this document. We intend to use the net proceeds we will receive from this offering for the following purposes:

- approximately HK$588.1 million (representing 37% of the net proceeds) is expected to be used to fund our Core Products, including batoclimab (HBM9161) and tanfanercept (HBM9036), and specifically:

  (i) approximately HK$460.9 million (representing 29% of the net proceeds) is expected to be used to fund ongoing and planned clinical trials and other related R&D activities, preparation for registration filings and potential commercial launches in Greater China of batoclimab (HBM9161), one of our Core Products. Approximately HK$38.2 million (representing 2.4% of the net proceeds) will be used for the milestone payments of batoclimab;

  (ii) approximately HK$127.2 million (representing 8% of the net proceeds) is expected to be used to fund ongoing and planned clinical trials and other related R&D activities, preparation for registration filings and potential commercial launches in Greater China of tanfanercept (HBM9036), one of our Core Products. Approximately HK$30.2 million (representing 1.9% of the net proceeds) will be used for the milestone payments of tanfanercept;

- approximately HK$365.6 million (representing 23% of the net proceeds) is expected to be used to fund ongoing and planned clinical trials in Greater China and Australia, preparation for registration filings and potential commercial launches of HBM4003, our anchor asset, in Greater China, the United States and other jurisdictions;

- approximately HK$238.4 million (representing 15% of the net proceeds) is expected to be used to fund the research and development of our other drug candidates seeking IND approvals and yet to commence clinical trials or those in pre-clinical studies, including HBM9302, HBM1007, HBM7008 and other new drug candidates;

- approximately HK$190.7 million (representing 12% of the net proceeds) is expected to be used to fund the discovery of innovative molecules generated from our Harbour antibody platforms;

- approximately HK$79.5 million (representing 5% of the net proceeds) is expected to be used to fund the continued improvement of our platform technologies and our pursuit of licensing and collaboration opportunities utilizing our Harbour antibody platforms; and

- approximately HK$127.2 million (representing 8% of the net proceeds) is expected to be used for working capital and other general corporate purposes.

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

RISK FACTORS

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

- As we rely on third parties (such as CROs and CMOs) to conduct our pre-clinical studies and clinical trials, we may have limited control over the manufacturing and clinical development of our drug candidates. In addition, if we lose our relationships with these third parties or if they do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our drug candidates and our business could be substantially harmed.

- We expect to rely on third parties to manufacture our drug candidate supplies, and we intend to rely on third parties for the manufacturing process of our drug candidates, if approved. Our business could be harmed if those third parties fail to provide us with sufficient quantities of product or fail to do so at acceptable quality levels or prices.

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

- We have incurred net losses in each period since our inception and anticipate that we may continue to incur net losses for the foreseeable future and may never achieve or maintain profitability. Investors are at risk of losing substantially all of their investments in our Shares.

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

- Our financial condition, results of operations and prospects may be adversely affected by fair value changes of our convertible redeemable preferred shares measured at fair value through profit or loss.

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

- Our approach to developing and identifying our antibodies using our antibody platforms is novel and unproven and may not result in marketable products.

- We may not be successful in our efforts to use and expand our technology platforms to build a pipeline of drug candidates.

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

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

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

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

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

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

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

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

In addition, we seek to protect the drug candidates and technology that we consider commercially important by filing patent applications in China, the United States and other countries or regions, relying on trade secrets or pharmaceutical regulatory protection or employing a combination of these methods. This process is expensive and time-consuming, and we or our licensors may not be able to file and prosecute all necessary or desirable patent applications in all jurisdictions at a reasonable cost or in a timely manner. There is no assurance that we or our licensors would be able to successfully obtain patent protection for the relevant research and development results in a timely manner, if at all. See also "Business – Intellectual Property" for details on the protection status of our intellectual properties and the ongoing intellectual property disputes with third parties.

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

"**Accountants' Report**"	the Accountants' Report for the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020 prepared by Ernst & Young, the text of which is set out in Appendix I to this document
"**affiliate(s)**"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"**Articles**" or "**Articles of Association**"	the articles of association of our Company conditionally adopted on 23 November 2020 with effect from the Listing Date, as amended from time to time, a summary of which is set out in "Summary of the constitution of the Company and Cayman Islands company law" in Appendix III
"**associate(s)**"	has the meaning ascribed to it under the Listing Rules
"**Board**"	the board of Directors
"**business day**"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"**BVI**"	the British Virgin Islands
"**Cayman Companies Law**"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"**CCASS**"	the Central Clearing and Settlement System established and operated by HKSCC
"**CCASS Clearing Participant**"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"**CCASS Custodian Participant**"	a person admitted to participate in CCASS as a custodian participant

"**CCASS Investor Participant**"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"**CCASS Participant**"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"**China**" or "**the PRC**"	the People's Republic of China, and for the purposes of this document only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"**Co-founders**"	Dr. Mai-Jing Liao, Dr. Xiaoxiang Chen, Dr. Xiaoxi Liu, Dr. Schweizer Liang and Mr. Qi He
"**Companies Ordinance**"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Companies (Winding Up and Miscellaneous Provisions) Ordinance**"	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Company**", "**our Company**", or "**the Company**"	HBM Holdings Limited (和鉑醫藥控股有限公司), a company with limited liability incorporated in the Cayman Islands on 20 July 2016
"**connected person(s)**"	has the meaning ascribed to it under the Listing Rules
"**connected transaction(s)**"	has the meaning ascribed to it under the Listing Rules
"**Conversion**"	conversion of each preferred share to ordinary share on a one-to-one basis immediately upon completion of the Share Subdivision
"**Director(s)**"	the director(s) of our Company
"**Dr. Wang**"	Mr. Jingsong Wang, M.D., Ph.D. (王勁松), an executive Director, the chief executive officer and chairman of the Board of our Company
"**Erasmus MC**"	collectively, Department of Cell Biology at Erasmus Medical Center and Erasmus MC Holding B.V.

"**Erasmus Medical Center**"	Erasmus University Medical Center Rotterdam
"**Extreme Conditions**"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"**Founders**"	our principal Founder, Dr. Jingsong Wang, and the five Co-founders being Dr. Mai-Jing Liao, Dr. Xiaoxiang Chen, Dr. Xiaoxi Liu, Dr. Schweizer Liang and Mr. Qi He
"**Frost & Sullivan**"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
"**Frost & Sullivan Report**"	the report prepared by Frost & Sullivan
"**GAAP**"	generally accepted accounting principles
"**Global Offering**"	the Hong Kong Public Offering and the International Offering
"**Governmental Authority**"	any governmental, regulatory, or administrative commission, board, body, authority, or agency, or any stock exchange, self-regulatory organisation, or other non-governmental regulatory authority, or any court, judicial body, tribunal, or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, or supranational
"**GREEN Application Form(s)**"	the application form(s) to be completed by the **HK eIPO White Form** Service Provider designated by the Company
"**Group**", "**our Group**", "**the Group**", "**we**", "**us**", or "**our**"	the Company and its subsidiaries from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"**Harbour Antibodies**"	Harbour Antibodies B.V., a limited liability company incorporated in the Netherlands on 27 December 2006 and a direct wholly-owned subsidiary of the Company
"**HBA H2L2 Netherlands**"	Harbour Antibodies H2L2 B.V., a limited liability company incorporated in the Netherlands on 18 September 2013 and an indirect wholly-owned subsidiary of the Company

"**HBA HCab**"	Harbour Antibodies HCab B.V., a limited liability company incorporated in the Netherlands on 18 September 2013 and an indirect wholly-owned subsidiary of the Company
"**HBA Subholding**"	Harbour Antibodies subholding B.V., a limited liability company incorporated in the Netherlands on 2 May 2013 and an indirect wholly-owned subsidiary of the Company
"**HBA U.S.**"	Harbour Antibodies U.S., Inc., a limited liability company incorporated in the state of Massachusetts, U.S. on 29 January 2016 and an indirect wholly-owned subsidiary of the Company
"**HBM Alpha**"	HBM Alpha Therapeutics Inc., a limited liability company incorporated in the state of Delaware, U.S. on 18 October 2018 and an indirect subsidiary of the Company
"**HBM Beijing**"	Harbour BioMed Zhiyuan Medical (Beijing) Co., Ltd. (和鉑志遠醫藥(北京)有限公司), a company established under the laws of the PRC on 2 September 2020 and an indirect wholly-owned subsidiary of the Company
"**HBM Guangzhou**"	Harbour BioMed Guangzhou Co., Ltd. (和鉑醫藥(廣州)有限公司), a company established under the laws of the PRC on 26 December 2017 and an indirect wholly-owned subsidiary of the Company
"**HBM Holdings BVI**"	Harbour BioMed Holdings Limited, a limited liability company incorporated the BVI on 8 June 2016 and a direct wholly-owned subsidiary of the Company
"**HBM MT**"	HBM MT Holdings Limited, a limited liability company incorporated in the BVI on 15 September 2020 and an indirect wholly-owned subsidiary of the Company
"**HBM Netherlands**"	Harbour BioMed Netherlands B.V., a limited liability company incorporated in the Netherlands on 26 April 2019 and an indirect wholly-owned subsidiary of the Company

"**HBM Shanghai**"	Harbour BioMed Shanghai Co., Ltd. (和鉑醫藥(上海)有限責任公司), a company established under the laws of the PRC on 26 December 2016 and an indirect wholly-owned subsidiary of the Company
"**HBM Suzhou**"	Harbour BioMed Suzhou Co., Ltd. (和鉑醫藥(蘇州)有限公司), a company established under the laws of the PRC on 11 September 2018 and an indirect wholly-owned subsidiary of the Company
"**HBM Therapeutics**"	Harbour BioMed Therapeutics Limited, a limited liability company incorporated in Hong Kong on 19 July 2016 and an indirect wholly-owned subsidiary of the Company
"**HBM U.S.**"	Harbour BioMed US, Inc., a limited liability company incorporated in the state of Delaware on 11 January 2019 and an indirect wholly-owned subsidiary of the Company
"**HK**" or "**Hong Kong**"	the Hong Kong Special Administrative Region of the People's Republic of China
"**HK eIPO White Form**"	the application for Hong Kong Public Offer Shares to be issued in the applicant's own name, submitted through the **IPO App** or the designated website at **www.hkeipo.hk**
"**HK eIPO White Form Service Provider**"	the **HK eIPO White Form** service provider designated by our Company as specified in the **IPO App** and on the designated website at **www.hkeipo.hk**
"**HKSCC**"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"**HKSCC Nominees**"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"**Hong Kong dollars**" or "**HK dollars**" or "**HK$**"	Hong Kong dollars, the lawful currency of Hong Kong
"**Hong Kong Public Offer Shares**"	the 13,824,000 Shares being initially offered for subscription in the Hong Kong Public Offering (subject to reallocation as described in the section headed "Structure and conditions of the Global Offering")

"**Hong Kong Public Offering**"	the offer of the Hong Kong Public Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this document, as further described in the section headed "Structure and conditions of the Global Offering – The Hong Kong Public Offering"
"**Hong Kong Share Registrar**"	Tricor Investor Services Limited
"**Hong Kong Takeovers Code**" or "**Takeovers Code**"	Code on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"**Hong Kong Underwriters**"	the underwriters of the Hong Kong Public Offering as listed in the section headed "Underwriting – Hong Kong Underwriters"
"**Hong Kong Underwriting Agreement**"	the underwriting agreement, dated 27 November 2020, relating to the Hong Kong Public Offering, entered into by the Joint Sponsors, the Joint Global Coordinators, the Hong Kong Underwriters and our Company, as further described in the section headed "Underwriting – Underwriting arrangements and expenses – The Hong Kong Public Offering – The Hong Kong Underwriting Agreement"
"**IFRS**"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"**Independent Third Party(ies)**"	any entity or person who is not a connected person of our Company or an associate of such person within the meaning ascribed to it under the Listing Rules
"**International Offer Shares**"	the 124,397,000 Shares being initially offered for subscription under the International Offering together, where relevant, with any additional Shares that may be sold pursuant to any exercise of the Over-allotment Option (subject to reallocation as described in the section headed "Structure and conditions of the Global Offering")

"**International Offering**"	the conditional placing of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from the registration requirements under the U.S. Securities Act, as further described in the section headed "Structure and conditions of the Global Offering"
"**International Underwriters**"	the underwriters of the International Offering
"**International Underwriting Agreement**"	the international underwriting agreement, expected to be entered into on or about 3 December 2020, relating to the International Offering, expected to be entered into by our Company, the Joint Sponsors, the Joint Global Coordinators and the International Underwriters, as further described in the section headed "Underwriting – International Offering"
"**IPO App**"	the mobile application for the **HK eIPO White Form** service which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**
"**Joint Bookrunners**", "**Joint Global Coordinators**", "**Joint Lead Managers**"	the joint bookrunners, the joint global coordinators, and the joint lead managers, as named in "Directors and parties involved in the Global Offering"
"**Joint Sponsors**"	the Joint Sponsors of the Listing as named in "Directors and parties involved in the Global Offering"
"**Latest Practicable Date**"	20 November 2020, being the latest practicable date for ascertaining certain information in this document before its publication
"**Laws**"	all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, directives, requests, orders, judgments, decrees, or rulings of any Governmental Authority (including the Stock Exchange and the SFC) of all relevant jurisdictions
"**Listing**"	the listing of the Shares on the Main Board

"**Listing Committee**"	the Listing Committee of the Stock Exchange
"**Listing Date**"	the date, expected to be on or about Thursday, 10 December 2020, on which the Shares are to be listed and on which dealings in the Shares are to be first permitted to take place on the Stock Exchange
"**Listing Rules**"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"**Main Board**"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"**Memorandum**" or "**Memorandum of Association**"	the memorandum of association of our Company conditionally adopted on 23 November 2020, with effect from the Listing Date, as amended from time to time
"**MOF**"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"**MOFCOM**"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"**Offer Price**"	the final offer price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee), expressed in Hong Kong dollars, at which Hong Kong Public Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering, to be determined as described in the section headed "Structure and conditions of the Global Offering – Pricing of the Global Offering"
"**Offer Share(s)**"	the Hong Kong Public Offer Shares and the International Offer Shares together, where relevant, with any additional Shares to be sold by our Company pursuant to the exercise of the Over-allotment Option

"**Over-allotment Option**"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Stabilization Manager on behalf of the International Underwriters for up to 30 days from the day following the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to 20,733,000 additional Shares (representing in aggregate approximately 15% of the initial Offer Shares) to the International Underwriters to cover over-allocations in the International Offering, if any, details of which are described in the section headed "Structure and conditions of the Global Offering – The International Offering – Over-allotment Option"
"**PBOC**"	People's Bank of China
"**Post-IPO Share Award Scheme**"	the post-IPO share award scheme adopted by the Company on 23 November 2020, the principal terms of which are set out in "Statutory and general information – Share schemes – Post-IPO Share Award Scheme" in Appendix IV
"**Post-IPO Share Option Scheme**"	the post-IPO share option scheme adopted by the Company on 23 November 2020, the principal terms of which are set out in "Statutory and general information – Share schemes – Post-IPO Share Option Scheme" in Appendix IV
"**Post-IPO Share Schemes**"	the Post-IPO Share Award Scheme and the Post-IPO Share Option Scheme
"**Pre-IPO Equity Plan**"	the share incentive plan approved and adopted by our Company on 11 November 2016, as amended on 26 October 2017, 6 August 2018, 19 September 2019 and 24 June 2020, the principal terms of which are set out in "Statutory and general information – D. Share schemes" in Appendix IV
"**Pre-IPO Investment(s)**"	the investment(s) in our Company undertaken by the Pre-IPO Investors prior to this initial public offering, the details of which are set out in "History, development and corporate structure"

"**Pre-IPO Investor(s)**"	the Series A1 Preferred Shareholders, Series A3 Preferred Shareholders, Series B Preferred Shareholders, Series B2 Preferred Shareholders and Series C Preferred Shareholders
"**PRC Legal Adviser**"	Jingtian & Gongcheng, the PRC legal advisers to our Company
"**Price Determination Agreement**"	the agreement to be entered into between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) at or about the Price Determination Date to record and fix the Offer Price
"**Price Determination Date**"	the date, expected to be on or about Thursday, 3 December 2020 and in any event no later than Sunday, 6 December 2020, on which the Offer Price is to be fixed for the purposes of the Global Offering
"**QIB**"	a qualified institutional buyer within the meaning of Rule 144A
"**Regulation S**"	Regulation S under the U.S. Securities Act
"**RMB**" or "**Renminbi**"	Renminbi, the lawful currency of China
"**Rule 144A**"	Rule 144A under the U.S. Securities Act
"**SAFE**"	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"**SAMR**"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場管理總局)
"**SAT**"	State Administration of Taxation (國家税務總局)
"**Series A1 Preferred Share(s)**"	the series A1 preferred shares of the Company with a par value of US$0.001 per share
"**Series A1 Preferred Shareholder(s)**"	the holder(s) of Series A1 Preferred Shares as detailed in "History, development and corporate structure"
"**Series A2 Preferred Share(s)**"	the series A2 preferred shares of the Company with a par value of US$0.001 per share

"**Series A2 Preferred Shareholder(s)**"	the holder(s) of Series A2 Preferred Shares as detailed in "History, development and corporate structure"
"**Series A3 Preferred Share(s)**"	the series A3 preferred shares of the Company with a par value of US$0.001 per share
"**Series A3 Preferred Shareholder(s)**"	the holder(s) of Series A3 Preferred Shares as detailed in "History, development and corporate structure"
"**Series B Preferred Share(s)**"	the series B preferred shares of the Company with a par value of US$0.001 per share
"**Series B Preferred Shareholder(s)**"	the holder(s) of Series B Preferred Shares as detailed in "History, development and corporate structure"
"**Series B2 Preferred Share(s)**"	the series B2 preferred shares of the Company with a par value of US$0.001 per share
"**Series B2 Preferred Shareholder(s)**"	the holder(s) of Series B2 Preferred Shares as detailed in "History, development and corporate structure"
"**Series C Preferred Share(s)**"	the series C preferred shares of the Company with a par value of US$0.001 per share
"**Series C Preferred Shareholder(s)**"	the holder(s) of Series C Preferred Shares as detailed in "History, development and corporate structure"
"**Share(s)**"	ordinary share(s) in the share capital of the Company with a par value of US$0.000025 each following the Share Subdivision and the Conversion
"**Share Schemes**"	the Pre-IPO Equity Plan and the Post-IPO Share Schemes
"**Share Subdivision**"	the subdivision of each share in the Company's issued and unissued share capital with par value of US$0.001 each into 40 shares of the corresponding class with par value of US$0.000025 each
"**Stabilization Manager**"	Morgan Stanley Asia Limited
"**State Council**"	State Council of the PRC (中華人民共和國國務院)
"**Stock Exchange**" or "**Hong Kong Stock Exchange**"	The Stock Exchange of Hong Kong Limited

"**subsidiary**" or "**subsidiaries**"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"**substantial shareholder(s)**"	has the meaning ascribed to it in the Listing Rules
"**Track Record Period**"	the two years ended 31 December 2018 and 2019 and the six months ended 30 June 2020
"**U.S. FDA**"	U.S. Food and Drug Administration
"**U.S. SEC**"	the Securities and Exchange Commission of the United States
"**U.S. Securities Act**"	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"**Underwriters**"	the Hong Kong Underwriters and the International Underwriters
"**Underwriting Agreements**"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"**United States**", "**U.S.**" or "**US**"	United States of America, its territories, its possessions and all areas subject to its jurisdiction
"**US dollars**", "**U.S. dollars**", "**US$**" or "**USD**"	United States dollars, the lawful currency of the United States
"**VAT**"	value-added tax
"***%***"	per cent

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

"ADA"	anti-drug antibody, the reaction effected by an immune response by an organism against a therapeutic antigen (e.g., recombinant protein (protein encoded by a gene – recombinant DNA – that has been cloned in a system that supports expression of the gene and translation of messenger RNA), or monoclonal antibody), leading to the production of ADAs inactivating the therapeutic effects of the treatment and, in rare cases, inducing AEs
"ADC" or "antibody-drug conjugate"	a class of highly potent biological drugs built by attaching a small molecule anticancer drug or another therapeutic agent to an antibody with a linker. The antibody targets a specific antigen only found on target cells, in most cases cancer cells
"ADCC"	antibody-dependent cellular cytotoxicity, a type of immune reaction in which a target cell or microbe is coated with antibodies and killed by certain types of white blood cells. The white blood cells bind to the antibodies and release substances that kill the target cells or microbes
"AE"	adverse event, any untoward medical occurrence in a patient or clinical investigation subject administered a drug or other pharmaceutical product during clinical trials and which does not necessarily have a causal relationship with the treatment
"affinity"	the extent or fraction to which a drug binds to receptors at any given drug concentration or the firmness with which the drug binds to the receptor. Affinity describes the strength of the binding (interaction) of a ligand and its receptor
"agonist"	a chemical that binds to a receptor and activates the receptor to produce a biological response, whereas an "antagonist" blocks the action of the agonist

"antibody"	an immunoglobulin protein produced in response to and counteracting a specific antigen. Antibodies bind to substances which the body recognizes as alien, such as bacteria, viruses, and foreign substances in the blood
"antigen"	a molecule or molecular structure, which may be present at the outside of a pathogen or cancer cell surface, that can be bound to by an antigen-specific antibody or B cell antigen receptor
"assay"	an analysis done to determine, or testing procedure for estimating, the concentration of a pharmaceutically active substance
"AUC"	the area under the curve, a measure of serum drug concentration over a given time period. When followed by a specific time as in $AUC_{0\text{-}12h}$ or $AUC_{0\text{-}24h}$, the given period of time would be 12 hours and 24 hours, respectively
"$AUC_{0\text{-}t}$"	area under the concentration-time curve from the first time point measured (0) to the last time point measured (t)
"autoantibody"	antibody produced by the immune system that mistakenly targets and reacts with a person's own tissues or organs. Some autoantibodies do not cause tissue injury directly but are thought to be part of an overall immune response that can cause inflammation and damage. Many autoimmune diseases are caused by such autoantibodies
"autoimmune"	with respect to any disorder or disease, the response that occurs when the immune system goes awry and attacks the body itself. Autoimmunity, present to some extent in everyone, is usually harmless but it can cause a broad range of human illnesses, known collectively as "autoimmune diseases"
"baseline"	an initial measurement of a condition that is taken as the last procedure prior to treatment and used for comparison over time to look for changes. For example, the size of a tumor will be measured before treatment or therapy (baseline) and then afterwards to see if the treatment or therapy had an effect

"batoclimab" or "HBM9161"	one of the anchor assets in our immunology portfolio that is a fully human monoclonal antibody that selectively binds to and inhibits the neonatal FcRn. Current indications are for ITP, GO, MG and NMOSD. Expanded additional indications will be for WAIHA, CIDP and polycythemia vera (PV)
"B cell"	lymphocyte that produces and secretes antibodies, activating the immune system to destroy pathogens
"BCMA"	B cell maturation antigen, a highly plasma cell-selective protein that is expressed on malignant plasma cells of MM patients and therefore is an ideal target for T cell redirecting therapies
"biologics"	drug products derived from a variety of natural sources – human, animal, or microorganism – that may be produced by biotechnology methods and other cutting-edge technologies (in contrast to most other drugs that are chemically synthesized and their structure is known). They can be composed of sugars, proteins, or nucleic acids or complex combinations of these substances, or may be living entities, such as cells and tissues. While biotechnology and pharmaceutical companies both produce medicines, the medicines made by biotechnology companies are generally biologics derived from living organisms while those made by pharmaceutical companies generally have a chemical basis
"bispecific," "bispecific antibody" or "BsAb"	a class of engineered therapeutic antibody and antibody-like proteins that, in contrast to 'regular' monospecific antibodies, combine two or more different specific antigen binding elements in a single structural format, for which current applications have been explored for cancer immunotherapy and drug delivery

"CAE"	Controlled Adverse Environment, which is to provide a standard environment for patient selection and efficacy measurements. The use of CAE can (i) minimize the various confounding factors during subject selection and assessment, (ii) provide a well-controlled environment and more precise measurement of patients' signs and symptoms of DED and (iii) enable consistent measurement of patient responses to tanfanercept compared to placebo and a more accurate evaluation of the drug's efficacy
"CD3"	cluster of differentiation 3, a protein complex (enzyme) and T cell co-receptor that is involved in activating both the cytotoxic T cell and T helper cells
"CD73"	cluster of differentiation 73, a protein complex (enzyme) that in humans is encoded by the NT5E gene. It is a surface enzyme which is expressed on multiple cells. Immune suppressive functions of Tregs are dependent on CD73 expression. Some tumors have upregulation and overexpression of CD73 so it has been proposed as a drug target for cancer therapy. Due to enzymatic and non-enzymatic properties, CD73 is involved in cancer-related processes and is upregulated in many cancers, such as leukemia, melanoma, and breast cancer. It is an important key molecule in cancer regulation and development and is involved in tumor progression
"CDC"	complement-dependent cytotoxicity, the mechanism by which antibody-coated target cells recruit and activate components of the complement cascade, leading to the formation of a membrane attack complex on the cell surface and subsequent cell lysis (breakdown)
"cell engagers"	a class of artificial bispecific or multispecific antibodies that are investigated for use as anti-cancer drugs. They direct or engage a host's immune system, more specifically the T cells' cytotoxic activity, against cancer cells
"cell line"	a population of cells which descend from a single cell and contain the same genetic makeup, thereby producing the same proteins, such as monoclonal antibodies

"CIDP"	chronic inflammatory demyelinating polyneuropathy, a chronic autoimmune disorder of peripheral nerves and nerve roots caused by an autoimmune-mediated destruction of the myelin sheath, or myelin producing cells, insulating the axon (fiber that is the primary transmission line of the nervous system) of the nerves and enabling speed of signal transduction (the process of transmitting a signal throughout an organism, especially across or through a cell). CIDP is a chronic and progressive disease characterized by progressive weakness and impaired sensory function in the legs and arms and is closely related to Guillain-Barre syndrome (as it is considered the chronic counterpart of that acute disease)
"clinical trial" or "clinical study"	experiments or observations done in clinical research where prospective biomedical or behavioral research studies on human participants are designed to answer specific questions, such as the efficacy of a drug. Generally, clinical trials are used to look at new ways to prevent, detect, or treat disease
"C_{max}"	maximum observed plasma and/or serum drug concentration. "Cmin" is the minimum or "trough" concentration of a drug in plasma and/or serum observed after its administration and just prior to the administration of a subsequent dose
"CMC"	chemistry, manufacturing, and controls processes in the development, licensure, manufacturing, and ongoing marketing of pharmaceutical products
"CMO"	contract manufacturing organization, a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services from drug development through drug manufacturing
"cohort"	a group of patients as part of a clinical study who share a common characteristic or experience within a defined period and who are monitored over time
"combination therapy"	treatment in which a patient is given two or more therapeutic interventions (or other therapeutic agents) for a single disease

"contract manufacturer"	a CMO that manufactures a finished device or product to another establishment's, such as our company's, specifications
"Core Products"	batoclimab and tanfanercept (being the Company's "Core Products" for the purpose of Chapter 18A of the Listing Rules)
"corticosteroids"	class of steroid hormones drug that lowers inflammation in the body and reduces immune systemic activity
"co-stimulation"	a secondary signal which immune cells rely on to activate an immune response in the presence of an antigen-presenting cell. In the case of T cells, two stimuli are required to fully activate their immune response
"costimulatory molecules"	a heterogeneous group of cell surface molecules that act to amplify or counteract the initial activating signals provided to T cells from the TCR following its interaction with an antigen/MHC, thereby influencing T cell differentiation (where T cells, which originate in the bone marrow and mature in the thymus (organ situated in the neck of vertebrates, which are bones in the neck just below the skull), multiply and differentiate into helper, regulatory, or cytotoxic T cells or become memory T cells)
"COVID-19"	disease caused by a new strain of coronavirus where 'CO' stands for corona, 'VI' for virus, and 'D' for disease
"CRO"	contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
"CTLA-4"	cytotoxic T-lymphocyte-associated antigen-4, a protein receptor that functions as an immune checkpoint and downregulates immune responses, the target of our HBM4003 anti-CTLA-4 antibody for solid tumors

"cynomolgus monkey," "cynomolgus" or "Cyno"	primate native to Southeast Asia that is referred to as the cynomolgus monkey in laboratories. They are the primary pharmacologically relevant non-human primates used for pre-clinical testing for safety or sometimes for efficacy of drugs
"cytokine"	a broad and loose category of small proteins important in cell signaling. Cytokines are secreted by specific cells of immune system and are a category of signaling molecules that mediate and regulate immunity, inflammation and hematopoiesis (the formation of blood cellular components)
"cytotoxic"	toxic to living cells
"DED"	dry eye disease, a multifactorial disease of the ocular surface characterized by a lack of homeostasis of the tear film, and accompanied by ocular symptoms, in which tear film instability and hyperosmolarity, ocular surface inflammation and damage, and neurosensory abnormalities play etiological roles
"DNA"	Deoxyribonucleic acid, a self-replicating material which is present in nearly all living organisms as the main constituent of chromosomes and is the carrier of genetic information
"double-blinded"	with respect to a clinical trial or study, one in which neither the participants nor the persons or entities conducting the study know who is receiving a particular treatment. This procedure is utilized to prevent bias in research results
"endpoint"	with respect to a clinical study or trial, the outcome that is measured, whether referring to occurrence of disease, symptom, sign or laboratory abnormality constituting a target outcome, in which case "endpoint" will be preceded by the outcome term, such as in "clinical remission endpoint" or "maintenance therapy endpoint"
"epitopes"	part of an antigen that is recognized by the immune system, specifically by antibodies, B cells, or T cells, to which an antibody binds

"exploratory endpoint"	with respect to a clinical study or trial, the endpoint that is only being used to frame future research or explore new hypotheses but which may also include clinically important events that are expected to occur too infrequently to show a treatment effect
"expression"	the process by which a gene's coded information is converted into the protein present and operating in the cell
"FcRn"	the neonatal fragment crystallizable (Fc) receptor for IgG which plays a pivotal role in preventing the degradation of IgG antibodies, the high levels of which drive many autoimmune diseases
"first-line"	with respect to the treatment or therapy for any disease, the first line of treatment or therapy, which is the treatment regimen or regimens that are generally accepted by the medical establishment for initial treatment of any disease. It is also called primary treatment or therapy
"GCP"	good clinical practice, an international set of guidelines that helps make sure that the results of a clinical trial are reliable and that the patients are protected. GCP covers the way a clinical trial is designed, conducted, performed, monitored, audited, recorded, analyzed, and reported
"GLP"	good laboratory practice, a quality system of management controls for research laboratories and organizations to ensure the uniformity, consistency, reliability, reproducibility, quality, and integrity of products in development for human or animal health
"GMP"	good manufacturing practice, a system for ensuring that products are consistently produced and controlled according to quality standards. It is designed to minimize the risks involved in any pharmaceutical production that cannot be eliminated through testing the final product

"GO"	graves' ophthalmopathy, also known as thyroid eye disease, is an autoimmune inflammatory disorder that affects the muscles and other tissues around the eyes, which can be sight-threatening. Initial symptoms may include a dry and gritty ocular sensation, sensitivity to light, excessive tearing, double vision and a sensation of pressure behind the eyes
"Grade"	the severity of AEs
"HBICE™ Platform"	HCAb Based Immune Cell Engagers, which is our Harbour antibody platform with important technology expansions for developing differentiated discovery bispecifics with HCAb-based immune cell engagers shepherded by HBM7020 and HBM7008 capable of delivering tumor-killing effects unachievable by combination therapies
"HBM1007"	novel allosteric (relating to or denoting the alteration of the activity of a protein through the binding of an effector molecule at a specific site) fully human antibody against CD73 ectoenzyme activity. It is currently in pre-clinical development and CMC stage
"HBM1029"	fully human monoclonal antibody (H2L2) with the potential to become a highly efficacious antibody to selectively deplete Claudin 18.2, a TAA that has been identified as a promising target for the treatment of gastric (stomach) cancer or gastroesophageal junction (GEJ) adenocarcinoma (cancer) for which HBM1029 represents a novel therapeutic biologic for patients with those cancers
"HBM4003"	next-generation, fully human anti-CTLA-4 antibody against CTLA-4. HBM4003 is an HCAb-based anti-CTLA-4 antibody generated on our HCAb Platform that has demonstrated superior efficacy and a better safety profile in pre-clinical settings than ipilimumab. It has the potential to become a differentiated oncology treatment, either as a monotherapy or as a combination therapy, in advanced solid tumors which have relapsed after the standard of care (including the immuno-oncology therapy)

"HBM7008"	HCAb-based immune cell engager bispecific antibodies which are currently in pre-clinical development and CMC stage. HBM7008, a TAAx4-1BB bispecific antibody not only displays high potency in T cell costimulation and tumor growth inhibition, and potentially may also translate to better safety due to strict dependency on TAA-mediated crosslinking
"HBM7015"	bifunctional fusion protein, consisting of a fully human IgG1 monoclonal antibody against PD-L1 and the soluble extracellular domain TGFBR2. It is currently in pre-clinical development and CMC stage
"HBM7020"	HCAb-based immune cell engager bispecific antibodies which are currently in pre-clinical development and CMC stage. It is a BCMAxCD3 bispecific antibody that has the potential to become highly efficacious in selectively depleting BCMA-positive MM cells
"HBM9302"	anti-HER2/anti-CD3 bispecific antibody for HER2-positive cancers
"HCAb"	"heavy chain only" antibodies that consist only of two heavy chains and lacks the two light chains usually found in antibodies. In common antibodies, the antigen binding region consists of the variable domains of the heavy and light chains
"HCAb Platform"	our Harbour antibody platform that is equipped with a suite of technologies that optimize or augment the therapeutic activity of heavy chain only antibodies, including important technology expansions for developing HCAb and through which we develop our drug candidates

"H2L2 Platform"	our Harbour antibody platform that generates, at a rapid rate and in a scalable fashion, classical two heavy and two light immunoglobulin chain antibodies (H2L2) with optimized fully human variable regions, allowing for endogenous affinity maturation (the process by which B cells increase their affinity for a particular antigen) and immune effector function (ability of effector cells (any of various types of cell such as muscle, gland or organ cell capable of responding to a stimulus at the terminal end of a nerve fiber) to actively respond to a stimulus and effect some change). This platform is spearheaded by HBM1007 and HBM7015. HBM7015 is a bifunctional fusion protein, consisting of a fully human IgG1 monoclonal antibody against PD-L1 generated on our H2L2 Platform and the soluble extracellular domain transforming growth factor, beta receptor II (TGFBR2) from the natural human TGFbRII protein sequence. By our in-house antibody engineering design, these two parts are fused together to generate bifunctional fusion protein
"HCC"	hepatocellular carcinoma, the most common form of liver cancer that most commonly occurs in people with liver disease. Symptoms often do not appear in the early stages of the cancer. Later, symptoms include weight loss, upper abdominal pain, or yellowing of the skin (jaundice), with treatments including surgery, transplant, live resection, and chemotherapy
"HER2"	human epidermal growth factor receptor 2, a protein involved in normal cell growth which may be amplified in some types of cancers, including breast, ovarian, bladder, pancreatic, and stomach cancers. This may cause cancer cells to grow more quickly and spread to other parts of the body
"HER2-positive"	with respect to breast cancer, a breast cancer that tests positive for HER2, which indicates an abnormally high level of HER2. In about one of every five breast cancers, the cancer cells have extra copies of the gene that makes HER2
"ICSS"	a score for measuring the intensity of fluorescein staining. According to Ora Calibra® Corneal and Conjunctival Staining Scale, staining area is divided into five regions, including central, superior, inferior, temporal and nasal. The ICSS is the staining score of inferior region

"IgG"	Immunoglobulin G, the most common type of antibody which in found in blood and other body fluids, and protects against bacterial and viral infections. IgG molecules are created and released by plasma B cells and each IgG has two antigen binding sites
"immune checkpoint inhibitor"	drug that blocks proteins called checkpoints that are made by some types of immune system cells, such as T cells, and some cancer cells. These checkpoints help keep immune responses from being too strong and sometimes can keep T cells from killing cancer cells. When these checkpoints are blocked, T cells can kill cancer cells more effectively. Examples of checkpoint proteins found on T cells or cancer cells include PD-1/PD-L1 and CTLA-4/B7-1/B7-2. Some immune checkpoint inhibitors are used to treat cancer
"immunomodulatory"	with respect to drug agents, antibodies and therapy, substances or treatments, such as monoclonal antibodies, cytokines, and vaccines, that stimulate or suppress the immune system and may help the body fight cancer, infection, or other diseases
"immunogenicity"	ability of a foreign substance, such as an antigen, to provoke or induce an immune response, in the body of a human or other animal (which also includes evaluation of the immune response in pre-clinical models and clinical samples from studies of drugs or biologics)
"immunology"	the study of the molecular and cellular components that comprise the immune system, including their function and interaction
"immuno-oncology"	the study and development of treatments that take advantage of the body's immune system to fight cancer
"immunosuppressants" or "immunosuppressive"	drugs or medicines that lower the body's ability to reject a transplanted organ by inhibiting or preventing activity of the immune system
"immunotherapy"	use of the immune system to treat disease

"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"indication"	a condition which makes a particular treatment or procedure advisable
"*in vitro*"	a medical study or experiment which is done in the laboratory within the confines of a test tube or laboratory dish
"*in vivo*"	a medical test, experiment or procedure that is done on (or in) a living organism, such as a laboratory animal
"ipilimumab"	a monoclonal antibody that works to activate the immune system by targeting CTLA-4. It is marketed as Yervoy, the only marketed anti-CTLA-4 drug
"ipilimumab analogue"	compound having a structure or amino acid sequence same to that of ipilimumab, but may differing from it in respect of certain component, such as formulation
"ITP"	immune thrombocytopenia, a bleeding disease caused by an autoimmune reaction in which a patient develops auto-antibodies that attack and destroy their own platelets, which are blood cells that help blood to clot, or their own platelet-forming cells
"IV"	with respect to administration of a drug, delivery by intravenous injection or infusion where the drug is sent directly into the vein using a needle or tube often by insertion of a thin plastic tube called an IV catheter in the vein
"lymphocytes"	a sub-type of white blood cells, such as T cells, B cells and NK cells (natural killer cells, a type of cytotoxic lymphocyte). Lymphocytes are infection-fighting cells of the immune system, that are in the lymph nodes, spleen, thymus, bone marrow, and other parts of the body

"KOL"	key opinion leaders, influencers and trusted persons who have expert product knowledge and influence in a respective field and are an important part of burgeoning industries and businesses in China, including biotech/pharmaceutical industries
"MADs"	with respect to administering drugs or medicine to cohorts during clinical trials, multiple ascending doses given to them
"melanoma"	a type of skin cancer that develops in the cells (melanocytes) that produce melanin, which is the pigment that gives the skin its color
"metastatic"	with respect to any disease, including cancer, disease-producing organisms or malignant or cancerous cells spread from where it started to other parts of the body by direct invasion or through body fluids, such as blood stream and lymphatic vessels
"mechanism of action" or "MoA"	the specific biochemical interaction through which a drug substance produces its pharmacological effect. A mechanism of action usually includes mention of the specific molecular targets to which the drug binds, such as an enzyme or receptor
"MG"	myasthenia gravis, an autoimmune disorder associated with muscle weakness and fatigue. MG patients develop antibodies that lead to an immunological attack on critical signaling receptor proteins at the junction between nerve and muscle cells, thereby inhibiting the ability of nerves to communicate properly with muscles. This leads to muscle weakness intensified by activity
"MHC"	major histocompatibility complex, group of genes that code for proteins found on the surfaces of cells that help the immune system recognize foreign substances. MHC proteins are found in all higher vertebrates. In human beings the complex is also called the human leukocyte antigen system

"MM"	multiple myeloma, a cancer that forms plasma cell (a type of white blood cell that helps the body fight infections by making antibodies that recognize and attack germs). Multiple myeloma causes cancer cells to accumulate in the bone marrow, where they crowd out healthy blood cells
"monoclonal antibodies" or "mAbs"	antibodies generated by identical immune cells that are all clones of the same parent cell
"monotherapy"	therapy that uses a single drug to treat a disease or condition
"MTDs"	maximum tolerated doses, each of which is the highest dose of a drug or treatment that does not cause unacceptable side effects. The MTD is determined in clinical trials by testing increasing doses on different groups of people until the highest dose with acceptable side effects is found
"multi-specific" or "multi-specific antibodies"	antibodies capable of binding two or more antigens, which multi-specific binding proteins can be generated using cell fusion, chemical conjugation, or recombinant DNA techniques
"NF-kB"	nuclear factor kappa-light-chain-enhancer of activated B cells, which is a protein complex that controls transcription of DNA, cytokine production and cell survival. NF-kB is found in almost all animal cell types and is involved in cellular responses to stimuli such as stress, cytokines, free radicals, heavy metals, ultraviolet irradiation, and bacterial or viral antigens. NF-kB plays a key role in regulating the immune response to infection. Incorrect regulation of NF-kB has been linked to cancer, inflammatory and autoimmune diseases, septic shock, viral infection, and improper immune development. NF-kB has also been implicated in processes of synaptic plasticity and memory
"NMPA"	National Medical Products Administration (國家藥品監督管理局), the succesor of the China Food and Drug Administration (國家食品藥品監督管理總局), the State Food and Drug Administration (國家食品藥品監督管理局), and the State Drug Administration (國家藥品監督管理局)

"NMOSD"	neuromyelitis optical spectrum disorder, a rare, severe, relapsing, neuroinflammatory autoimmune disease that attacks the optic nerve, spinal cord and brain stem, and often leads to irreversible blindness and paralysis. NMOSD is the unifying term for neuromyelitis optica, previously known as Devic's disease, and related syndromes
"NRDL"	National Reimbursement Drug List of China
"NSCLC"	non-small cell lung cancer, the most common type of lung cancer making up about 80% to 85% of all cases, which may or not be metastatic. The cells of NSCLC are larger than those of small cell lung cancer. While smoking is a major risk factor for both types, of those who receive a diagnosis of small cell lung cancer, 95% have a history of smoking. Some types are more aggressive than others (e.g., m-NSCLC) but generally, small cell lung cancer is more aggressive than NSCLC
"open-label"	a clinical trial conducted in a way that allows subjects and researchers to know which treatments are being used
"oncology"	branch of medicine that deals with the prevention, diagnosis, and treatment of cancer
"organism"	a discrete and complete living thing, such as animal, plant, fungus or microorganism
"overexpression"	the abnormal expression in increased quantity. Overexpression of certain proteins or other substances by cancer cells may play a role in cancer development
"pathogenic"	in biology, relating to any organism or substance, such as bacteria, viruses, protozoa or fungi microorganisms, capable of causing disease. A pathogen may also be referred to as an infectious agent or simply a germ
"pathogenesis"	in respect of a disease, the biological mechanism that leads to a diseased state, which can also describe the origin and development of the disease, and whether it is acute, chronic, or recurrent

"PD-1"	programmed cell death protein 1, an immune checkpoint receptor expressed on T cells, B cells and macrophages, which are large cells found in stationary form in the tissues or as a mobile white blood cell, especially at sites of infection. The normal function of PD-1 is to turn off the T cell mediated immune response as part of the process that stops a healthy immune system from attacking other pathogenic cells in the body. When PD-1 on the surface of a T cell attaches to certain proteins on the surface of a normal cell or a cancer cell, the T cell turns off its ability to kill the cell
"PD-L1"	PD-1 ligand 1, which is a protein on the surface of a normal cell or a cancer cell that attaches to certain proteins on the surface of the T cell that causes the T cell to turn off its ability to kill the cancer cell
"pharmacodynamics" or "PD"	the study of how the body reacts to drugs, such as the relationship between drug concentration at the site of action and any resulting effects
"pharmacokinetics" or "PK"	the study of what the body does to a drug, specifically, the study of the bodily absorption, distribution, metabolism, and excretion of drugs
"pharmacology"	a branch of medicine and pharmaceutical sciences which is concerned with the study of drug or medication action, where a drug can be broadly or narrowly defined as any man-made, natural, or endogenous molecule which exerts a biochemical or physiological effect on the cell, tissue, organ, or organism
"Phase 1"	clinical trials that provide initial safety data to (i) find a safe dose; (ii) decide how the new treatment should be given (by mouth, in a vein, etc.); and (iii) see how the new treatment affects the human body and fights cancer
"Phase 2"	clinical trials that seek further safety data and preliminary evidence in support of biological effect to (i) determine if the new treatment has an effect on a certain disease (such as cancer); and (ii) see how the new treatment affects the body and fights the disease

"Phase 3"	clinical trials of which the main focus are large confirmatory studies meant to establish an acceptable benefit/safety profile in order to gain regulatory approval for a precisely defined indication ("registrational clinical trials"), including by comparing the new treatment (or new use of a treatment) with the current standard treatment Phase 3 trials are well-controlled trials that provide scientifically credible and statistically strong evidence about the treatment indication hypothesized at the end of Phase 2 investigation
"plasmapheresis"	a procedure in which a machine is used to separate the plasma (the liquid part of the blood) from the blood cells, after which the blood cells are mixed with a liquid to replace the plasma, removing antibodies, and returning them back into the body
"pre-clinical study(ies)"	studies testing a drug on non-human subjects, to gather efficacy, toxicity, pharmacokinetic and safety information and to decide whether the drug is ready for clinical trials
"primary endpoint"	with respect to a clinical study or trial, the main result that is measured at the end of a study to see if a given treatment worked (e.g., the number of deaths or the difference in survival between the treatment group and the control group)
"proof of concept"	early clinical drug development during which the objective is to obtain an initial evaluation of the potential efficacy of a treatment
"QW"	with respect to dose administration in a clinical trial, the abbreviated term for timing of doses (e.g., QW means once weekly and Q3W means once every three weeks)
"RCC"	renal cell carcinoma, the most common type of kidney cancer

"receptors"	a structure in the cell membrane or within a cell that combines with a drug, hormone, chemical mediator to alter an aspect of the functioning of the cell. "Receptor modulator" or a "selective receptor modulator" (SRM) is a type of drug that has different effects in different tissues, as it may behave as an agonist in some tissues but as an antagonist in others
"refractory"	when used in reference to any type of cancer, that such cancer does not respond to treatment. The cancer may be resistant at the beginning of treatment or it may become resistant during treatment
"registrational trial" or "registrational clinical trial"	the practice of documenting clinical trials before they are performed in a clinical trials registry so as to support the filing of an application for regulatory approval. Registration of clinical trials is required in some countries and is increasingly being standardized
"RNA"	ribonucleic acid, a nucleic acid present in all living cells. Its principal role is to act as a messenger carrying instructions from DNA for controlling the synthesis of proteins, although in some viruses RNA rather than DNA carries the genetic information
"RP2D"	recommended Phase 2 dose, the dose determined during Phase 1 by ascertaining the MTD, the maximal dose with the dose limiting toxicities (DLT) not exceeding a pre-set limit. However, before proceeding to Phase 2, the entity or persons conducting the clinical trial want to confirm that (i) the RP2D is appropriate, (ii) there is a suitable population to use in the Phase 2 study, and (iii) the dose is efficacious and if there could be lower, less toxic doses with good efficacy
"SADs"	with respect to administering drugs or medicine to cohorts during clinical trials, single ascending doses
"SC"	with respect to administration of a drug, subcutaneous delivery by injection, commonly with a short needle under the skin

"secondary endpoint"	with respect to a clinical study or trial, the secondary objective that was obtained. For example, a drug designed to prevent allergy-related deaths might also have a measure of whether quality of life is improved. A secondary endpoint is therefore always paired with a primary endpoint
"second-line"	with respect to any treatment or therapy for a disease, the second line of treatment or therapy or therapies that are tried when the first-line treatments do not work adequately
"SAEs"	serious adverse events, any untoward medical occurrence in a patient during clinical trials that results in death, is life-threatening, requires inpatient hospitalization or prolongation of existing hospitalization, results in persistent or significant disability/incapacity, or is a congenital anomaly/birth defect
"solid tumor"	an abnormal mass of tissue that usually does not contain cysts or liquid areas. Solid tumors may be benign (not cancer), or malignant (cancer). Different types of solid tumors are named for the type of cells that form them. Examples of solid tumors are carcinomas (cancers that begin in the lining layer (epithelial cells) of organs) and lymphomas (cancers that begin in lymphocytes where lymphomas occur when lymphocytes change and grow out of control)
"standard of care"	treatment that is accepted by medical experts as a proper treatment for a certain type of disease and that is widely used by healthcare professionals. It is also called best practice, standard medical care, and standard therapy

"TAA"	tumor associated antigen that is relatively restricted to tumor cells whereas tumor-specific antigens (TSAs) are unique to tumor cells. TSAs and TAAs typically are portions of intracellular molecules expressed on the cell surface as part of the MHC, a genetic system that allows large proteins in immune system cells to identify compatible or foreign proteins (whereby it allows the matching of potential organ or bone marrow donors with recipients). TAAs help the body make an immune response against cancer cells and may be used as possible targets for targeted therapy or for immunotherapy to help boost the body's immune system to kill more cancer cells
"TAA-mediated cross-linking"	process of chemically joining upon binding one or more TAAs by a covalent bond (also called a "molecular bond"), which is a type of chemical bond involving the sharing of electrons between atoms in a molecule, especially the sharing of a pair of electrons by two adjacent atoms
"tanfanercept" or "HBM9036"	one of the anchor assets in our immunology portfolio that is our most advanced drug candidate and is a TNF-α inhibitor, being developed as a topical, eye-drop treatment for DED. Tanfanercept is a molecularly engineered tumor necrosis factor receptor 1 fragment, produced by modification of the TNF-α binding region of the TNF-α receptor site. It is potent in binding and blocking TNF-α, resulting in suppressed inflammation after topical use
"T cell" or "T-lymphocyte"	a lymphocyte of a type produced or processed by the thymus gland and actively participating in the body's immune response, which plays a central role in cell-mediated immunity. T cells recognize and bind to foreign substances and can be distinguished from other lymphocytes by the presence of a T cell receptor on the cell surface and can be T naive, T central memory, T helper cells, T cytotoxic and T effector memory cells
"TCRs"	T-cell receptor, a group of proteins found on T cells that bind to certain antigens (proteins) found on abnormal cells, cancer cells, cells from other organisms, and cells infected with a virus or another microorganism. This interaction causes the T cells to attack these cells and helps the body fight infection, cancer, or other diseases

"TCSS"	total corneal staining score, which occurs when fluorescein penetrates damaged cell membranes or when it fills gaps in the epithelial cell surface that are created when cells are damaged or displaced. TCSS is the sum of ICSS, CCSS (central corneal staining score) and SCSS (superior corneal staining score)
"TEAEs"	treatment-emergent adverse events that are AEs not present prior to medical treatment, or an already present event that worsens either in intensity or frequency following treatment
"TGFBR2"	transforming growth factor-beta (TGF-β) receptor type II, a protein coding gene that transmits signals from the cell surface into the cell through a process called signal transduction and which is associated with diseases, such as colorectal cancer
"TME"	tumor microenvironment, which is the environment around a tumor, including the surrounding blood vessels, immune cells, fibroblasts (cell in connective tissue which produces collagen and other fibers), signaling molecules and the extracellular matrix (the non-cellular component present within all tissues and organs that provides not only essential physical scaffolding for the cellular constituents but also initiates crucial biochemical and biomechanical cues that are required for tissue morphogenesis (biological process that causes a cell, tissue or organism to develop its shape), differentiation and homeostasis (self-regulating process by which an organism tends to maintain stability while adjusting to conditions that are best for its survival))
"tolerability"	the degree to which overt AEs of a drug can be tolerated by a patient. Tolerability of a particular drug can be discussed in a general sense, or it can be a quantifiable measurement as part of a clinical study
"toxicity"	the degree to which a drug or a mixture of drugs can harm humans or animals. Acute toxicity involves harmful effects in an organism through a single or short-term drug exposure. It is expressed generally as a dose response

"toxicology"	the measurement and analysis of the harmful effects of toxins, intoxicating or banned substances, and drugs in development present in the body
"TNF-α"	tumor necrosis factor-a, a protein that stimulates the inflammatory response in the body. Elevated concentration of TNFα at the site of inflammation is driving pathology of inflammatory autoimmune diseases, such as rheumatoid arthritis. "Anti-TNF antibodies" inhibit TNFα leading to the removal or neutralization of excess TNFα from sites of inflammation, which is the therapeutic goal to be achieved by TNFα antagonists, including our drug candidate tanfanercept
"Tregs" or "T_{regs}"	regulatory T cells, that are a specialized subpopulation of T-cells which have a role in regulating or suppressing other cells in the immune system. Tregs control the immune response to antigens and help prevent autoimmune disease
"U.S. FDA"	U.S. Food and Drug Administration
"VH"	variable region of heavy chain, in common antibodies, the antigen binding region that consists of the variable domain of the heavy chains. The other domain is the light chain (VL)
"WAIHA"	warm autoimmune hemolytic anemia, a rare hematologic disease in which autoantibodies mediate hemolysis, or the destruction of red blood cells, resulting in anemia for which the most common symptoms include fatigue, weakness, skin paleness and shortness of breath

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

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

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our ability to develop and manage our operations and business;
- our ability to control costs and expenses;
- our ability to identify and satisfy user demands and preferences;
- our ability to maintain good relationships with business partners;
- the actions and developments of our competitors;
- changes to regulatory and operating conditions in the industry and geographical markets in which we operate; and
- all other risks and uncertainties described in "Risk factors".

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

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

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

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

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

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

Risks Related to Our Reliance on Third Parties

As we rely on third parties (such as CROs and CMOs) to conduct our pre-clinical studies and clinical trials, we may have limited control over the manufacturing and clinical development of our drug candidates. In addition, if we lose our relationships with these third parties or if they do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our drug candidates and our business could be substantially harmed.

We have relied on and plan to continue to rely on third-party CROs to monitor and manage data for some of our ongoing clinical programs. We rely on these parties for the execution of our clinical trials, and control only certain aspects of their activities. Nevertheless,

we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol and legal, regulatory and scientific standards, and our reliance on the CROs does not relieve us of our regulatory responsibilities.

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

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

Except for remedies available to us under our agreements with our CROs, we cannot control whether or not our CROs devote sufficient time and resources to our ongoing clinical, nonclinical and pre-clinical programs. If our CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines or if the quality or accuracy of the clinical data they obtain is compromised due to their failure to adhere to our clinical protocols, regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to obtain regulatory approval for or successfully commercialize our drug candidates. As a result, our results of operations and the commercial prospects for our drug candidates would be harmed and our costs could increase. In turn, our ability to generate revenues could be delayed or compromised.

Because we rely on third parties, our internal capacity to perform these functions is limited. Outsourcing these functions involves certain risks that third parties may not perform to our standards, may not produce results in a timely manner or may fail to perform at all. In addition, the use of third-party service providers requires us to disclose our proprietary

information to these third parties, which could increase the risk that such information will be misappropriated. We currently have a small number of employees, which limits the internal resources we have available to identify and monitor our third-party service providers. To the extent we are unable to identify and successfully manage the performance of third-party service providers in the future, our business may be adversely affected. Though we carefully manage our relationships with our CROs, there can be no assurance that we will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse impact on our business, financial condition and prospects.

We expect to rely on third parties to manufacture our drug candidate supplies, and we intend to rely on third parties for the manufacturing process of our drug candidates, if approved. Our business could be harmed if those third parties fail to provide us with sufficient quantities of product or fail to do so at acceptable quality levels or prices.

We intend to rely on third-party vendors to manufacture supplies and process our drug candidates. We have not yet manufactured or processed our drug candidates on a commercial scale and may not be able to do so for any of our drug candidates. Our anticipated reliance on third-party manufacturers exposes us to certain risks, including, but not limited to, the following:

- we may be unable to identify manufacturers on acceptable terms or at all because the number of potential manufacturers is limited and the NMPA, the U.S. FDA or other comparable regulatory authorities must approve any manufacturers as part of their regulatory oversight of our drug candidates. This approval would require new testing and current GMP-compliance inspections by the NMPA, the U.S. FDA or other comparable regulatory authorities. In addition, a new manufacturer would have to be educated in, or develop substantially equivalent processes for, production of our drugs;

- our contract manufacturers may have little or no experience with manufacturing our drug candidates, and therefore may require a significant amount of support from us in order to implement and maintain the infrastructure and processes required to manufacture our drug candidates;

- our contract manufacturers may have limited capacity or limited manufacturing slots, which may affect the timeline for the production of our drugs;

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

- contract manufacturers may not be able to execute our manufacturing procedures and other logistical support requirements appropriately;

- our future contract manufacturers may not perform as agreed, may not devote sufficient resources to our drugs, or may not remain in the contract manufacturing business for the time required to supply our clinical trials or to successfully produce, store and distribute our drugs;

- our contract manufacturers are subject to ongoing periodic unannounced inspections by the NMPA and the U.S. FDA to ensure strict compliance with current GMP and other government regulations in the PRC and the United States, respectively, and by other comparable regulatory authorities for corresponding regulatory requirements. We do not have control over third-party manufacturers' compliance with these regulations and requirements;

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

- our contract manufacturers could breach or terminate their agreements with us;

- our contract manufacturers may be unable to sustain their business and become bankrupt as a result;

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

- products and components from our third-party manufacturers may be subject to additional customs and import charges, which may cause us to incur delays or additional costs as a result;

- our contract manufacturers and critical reagent suppliers may be subject to inclement weather, as well as natural or man-made disasters; and

- our contract manufacturers may have unacceptable or inconsistent product quality success rates and yields.

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

Manufacturers of biopharmaceutical products often encounter difficulties in production, particularly in scaling up or out, validating the production process, and assuring high reliability of the manufacturing process, including the absence of contamination. These problems include logistics and shipping, difficulties with production costs and yields, quality control, including stability of the product, product testing, operator error and availability of qualified personnel, as well as compliance with strictly enforced regulations in the PRC, the United States and other applicable jurisdictions. Additionally, our contract manufacturers may experience manufacturing difficulties due to resource constraints or as a result of labor disputes or an unstable political environment. If our contract manufacturers were to encounter any of these difficulties, or otherwise fail to comply with their contractual obligations, our ability to provide our drug candidates to patients in clinical trials would be jeopardized. Any delay or interruption in the supply of clinical trial supplies could delay the completion of our clinical trials, increase the costs associated with maintaining clinical trial programs and, depending upon the period of delay, require us to begin new clinical trials at additional expense or terminate clinical trials completely.

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

We may form or seek strategic alliances, create joint ventures or collaborations, or enter into additional licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to our drug candidates and any future drug candidates that we may develop. Any of these relationships may require us to incur recurring or non-recurring expenses and other charges, increase our near and long-term expenditures, issue securities that dilute the value of our Shares, or disrupt our management and business. In addition, we face significant competition in seeking appropriate strategic partners and the negotiation process is time-consuming and complex. Moreover, we may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for our drug candidates because they may be deemed to be at too early a stage of development for collaborative effort and third parties may not view our drug candidates as having the requisite potential to demonstrate safety and efficacy. If and when we collaborate with a third party for the development and commercialization of a drug candidate, we can expect to relinquish some or all of the control over the future success of that drug candidate to the third party.

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

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

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

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

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

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

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

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

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

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

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

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

In addition, our Harbour antibody platforms face competition from many companies that provide the services of generating antibodies for antibody-based therapeutics. Many of these have substantially greater financial resources and larger research and development divisions than we have and may be more attractive to our potential partners. Also, we currently have a small number of employees, which limits the internal resources we have available to identify and monitor potential partners of our Harbour antibody platforms. Moreover, we cannot be certain that, following a strategic transaction or license, we will be able to achieve the revenue or specific net income that justifies such transaction. If we are unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms, or at all, we may have to curtail the development of a drug candidate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to fund and undertake development or commercialization activities on our own, we may need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. If we fail to enter into collaborations and do not have sufficient funds or expertise to undertake the necessary development and commercialization activities, we may not be able to further develop our drug candidates or bring them to market and generate product sales revenue, which would harm our business, financial condition, results of operations and prospects.

Risks Related to Our Financial Position and Need for Additional Capital

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

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

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

We have incurred net losses in each period since our inception and anticipate that we may continue to incur net losses for the foreseeable future and may never achieve or maintain profitability. Investors are at risk of losing substantially all of their investments in our Shares.

Investment in the development of biopharmaceutical products is highly speculative as it entails substantial upfront capital expenditures and significant risks that a drug candidate may fail to demonstrate efficacy and/or safety to gain regulatory or marketing approvals or become commercially viable. To date, we have financed our activities primarily through private placements. While we have generated revenue from licensing and collaboration deals, we have not generated any revenue from commercial product sales to date, and we continue to incur significant research and development expenses and other expenses related to our ongoing operations. As a result, we are not profitable and have incurred net losses in each period since our inception. In 2018, 2019 and for the six months ended 30 June 2020, our net losses were US$34.6 million, US$67.5 million and US$48.4 million, respectively. Substantially all of our net losses have resulted from costs incurred in connection with our research and development programs and from general and administrative costs associated with our operations.

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

- conducting clinical trials of our drug candidates;
- manufacturing clinical trial materials through contract manufacturing organizations ("**CMOs**") in and out of China;
- seeking regulatory approvals for our drug candidates;
- commercializing our drug candidates for which we have obtained marketing approval;
- hiring additional clinical, operational, financial, quality control and scientific personnel;
- establishing a sales, marketing and commercialization team for any future products that have obtained regulatory approval;
- seeking to identify additional drug candidates;
- obtaining, maintaining, expanding and protecting our intellectual property portfolio;
- enforcing and defending any intellectual property-related claims; and

- acquiring or in-licensing other drug candidates, intellectual property and technologies.

Typically, it takes many years to develop one new drug from the time it is discovered to when it becomes available for treating patients. During the process, we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. The size of our future net losses will depend partially on the rate of the future growth of our expenses, our ability to generate revenues and the timing and amount of milestone payments and other payments that we receive from or pay to third parties. If any of our drug candidates fails during clinical trials or does not gain regulatory approval, or, even if approved, fails to achieve market acceptance, our business may not become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods thereafter. Our prior losses and expected future losses have had, and will continue to have, an adverse effect on our working capital and shareholders' equity.

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

Since our inception, our operations have consumed substantial amounts of cash. We had raised over US$300 million in pre-IPO financing since our inception. We spent US$33.3 million, US$46.2 million and US$18.9 million in net cash to finance our operations in 2018, 2019 and for the six months ended 30 June 2020, respectively.

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

In addition, if we obtain regulatory approvals for any of our drug candidates, we expect to incur significant commercialization expenses relating to product manufacturing, marketing, sales and distribution and post-approval commitments to continue monitoring the efficacy and safety data of our future products on the market. We may also incur expenses as we create additional infrastructure to support our operations as a public company. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations through public or private equity offerings, debt financing, collaborations or licensing arrangements or other sources. Adequate additional funding may not be available to us on acceptable terms, or at all. If we are unable to raise capital when needed or on attractive terms, we could be forced to delay, limit, reduce or terminate our research and development programs or any future commercialization efforts. Our inability to obtain additional funding when we need it could seriously harm our business.

We have a large balance of intangible assets and we may incur significant impairment charges which could materially impact our financial position.

Our intangible assets primarily consist of technology licensing agreement under which Harbour Antibodies has been granted the exclusive license to the Harbour platform technologies and backlog of further licenses of the Harbour platform technologies to our customers as part of our acquisition of Harbour Antibodies B.V. in 2016. The technology licensing agreement has an indefinite life as the licensing agreement has no expiration date. Our management tests the technology licencing agreement with indefinite useful life for impairment annually by comparing its carrying amount with its recoverable amounts. The backlog is recognized as an intangible asset at fair value on the date of acquiring Harbour Antibodies B.V. and amortized using the straight-line method over its useful life. Our intangible assets amounted to US$8.4 million, US$8.2 million and US$7.9 million as of 31 December 2018 and 2019 and 30 June 2020, respectively, and were a large component of our non-current assets as of each such date. See note 16 to the Accountants' Report in Appendix I in this document for a breakdown of our intangible assets as at the end of each financial period during the Track Record Period. While we did not recognize impairment loss for intangible assets during the Track Record Period, we cannot assure you that there will be no such charges in the future. In particular, the failure to generate financial results commensurate with our intangible assets estimates may adversely affect the recoverability of such intangible assets, and in turn result in impairment losses. As we carry a substantial balance of intangible assets, any significant impairment losses charged against our intangible assets could have a material adverse effect on our business, financial condition and results of operations.

Our financial condition, results of operations and prospects may be adversely affected by fair value changes of our convertible redeemable preferred shares measured at fair value through profit or loss.

During the Track Record Period, we issued convertible redeemable preferred shares, all of which are designated as financial liabilities at fair value through profit or loss. For the year ended 31 December 2018, we recorded a gain on fair value change of convertible redeemable preferred shares of US$2.9 million. For the year ended 31 December 2019 and the six months ended 30 June 2020, we incurred a loss on fair value change of convertible redeemable preferred shares of US$13.4 million and US$33.2 million, respectively. In 2018 and 2019 and for the six months ended 30 June 2020, we also recorded net liabilities as a result of significant fair value change of convertible redeemable preferred shares issued to investors.

We expect continued fluctuation in the fair value of the convertible redeemable preferred shares issued to investors after 30 June 2020 to the Listing Date. After the automatic conversion of the convertible redeemable preferred shares into Shares upon Listing, which will result in a net asset position, we do not expect to recognize any further loss or gain on fair value changes of convertible redeemable preferred shares in the future. If we incur such fair value losses, our financial condition, results of operations and prospects could be materially and adversely affected. Such fair value losses and our position of accumulated losses, may restrict our ability to declare and pay dividends to our Shareholders.

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

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

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

Risks Related to Clinical Development of Our Drug Candidates

Our approach to developing and identifying our antibodies using our antibody platforms is novel and unproven and may not result in marketable products.

We plan to develop a pipeline of drug candidates using our Harbour antibody platforms. We believe that we may be able to overcome certain key limitations of the current antibody discovery paradigm by focusing on the use of our genetically engineered mice technology platforms in generation of human therapeutic antibodies. However, our scientific research that forms the basis of our efforts to discover drug candidates based on our platforms is ongoing. We may not be correct in our beliefs about the differentiated nature of our platforms compared to competing technologies, and our platforms may not prove to be superior. If our platforms are not able to develop approved antibody constructs that are effective at the necessary speed or scale, it could have a material and adverse effect on our business, financial condition, results of operations and prospects.

As of 30 June 2020, we exclusively licensed from Erasmus Medical Center and Dr. Roger Craig 63 issued patents in the PRC, the United States and 13 other jurisdictions, and 12 patent applications in the United States, the PRC, the European Union and India relating to our H2L2 Platform and HCAb Platform. Patent applications for this in-licensed technology are still pending before the U.S. Patent and Trademark Office (the "USPTO") and other national patent

offices. There is no guarantee that such patent applications will issue as patents, nor any guarantee that issued patents will provide adequate protection for the in-licensed technology or any meaningful competitive advantage. In addition, although we have established a strong track record of success for our Harbour antibody platforms, which has been validated by over 45 industry and academic partners, with six projects having entered clinical stage as of 30 June 2020, we cannot guarantee that we will be able to continue to retain existing partners and projects or attract new partners and projects for our Harbour antibody platforms.

In addition, we face competition from many companies that provide the services of generating antibodies for antibody-based therapeutics, such as Regeneron (VelocImmune® platform). Numerous other companies are developing therapeutic products comprising human antibody components. Furthermore, several companies are developing, or have developed, technologies not involving animal immunization that result in libraries composed of numerous human antibody sequences. Numerous additional companies are developing therapeutic products comprising human antibody components.

As we focus on our activities in using our Harbour platforms to develop our own antibodies for immunology and immuno-oncology diseases, the list of our competitors may extend to an even larger number of pharmaceutical and biotechnology companies. Many of these companies and institutions, either alone or together with their partners, have substantially greater financial resources and larger research and development divisions than we have. In addition, many of these competitors, either alone or together with their partners, have substantially greater experience than us in developing pharmaceutical products, undertaking preclinical testing and human clinical trials, obtaining the NMPA, the U.S. FDA and other regulatory approvals of such products and the manufacturing and commercialization of such products. Accordingly, our competitors may succeed in obtaining patent protection, receiving the NMPA, the U.S. FDA or other equivalent marketing approval and commercializing products more rapidly than us.

We were established in 2016 and our business, including most of our drug candidates, is in early stages of development. It may take a long time before we commercialize a drug candidate, if ever. If we are unable to advance our drug candidates to clinical development, obtain regulatory approval and ultimately commercialize our drug candidates, or experience significant delays in doing so, our business will be materially harmed.

We were established in 2016 and our business, including most of our drug candidates, is in early stages of development. We have not yet obtained regulatory approval or commenced commercialization for any of our drug candidates, and there is no guarantee that we will. Our ability to generate product revenue, will depend heavily on the successful development and eventual commercialization of our drug candidates, which may never occur. We currently generate no revenue from sales of any product and we may never be able to develop or commercialize a marketable product. If we do not successfully achieve one or more of these milestones in a timely manner or at all, we could experience significant delays or an inability to successfully commercialize any drug candidates we may develop, which would materially harm our business. If we do not receive regulatory approvals for our drug candidates, we may

not be able to continue our operations. In addition, because of the numerous risks and uncertainties associated with pharmaceutical product development, we are unable to accurately predict the timing or amount of increased expenses we will incur or when, if ever, we will be able to achieve profitability. Even if we succeed in commercializing one or more of our drug candidates, we will continue to incur substantial research and development and other expenditures to develop, seek regulatory approval for and market additional drug candidates. We may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business.

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

Clinical testing is expensive and can take many years to complete, and its outcomes are inherently uncertain. While our exclusive focus is to develop drug candidates with potential to become differentiated drugs in China and globally, we cannot guarantee that we are able to achieve this for any of our drug candidates. Failure can occur at any time during the clinical development process. The results of pre-clinical studies and early clinical trials of our drug candidates may not be predictive of the results of later-stage clinical trials. Drug candidates during later stages of clinical trials may fail to show the desired results in safety and efficacy despite having progressed through pre-clinical studies and initial clinical trials and despite the level of scientific rigor in the study, design and adequacy of execution. In some instances, there can be significant variability in safety and/or efficacy results among different trials of the same drug candidate due to numerous factors, including but not limited to changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, including genetic differences, patient adherence to the dosing regimen and other trial protocol elements and the rate of dropout among clinical trial participants.

In the case of any trials we conduct, results may differ from earlier trials due to the larger number of clinical trial sites and additional countries and languages involved in such trials. In addition, the results of any clinical trial conducted by our license partners may not be indicative of the results of any clinical trial conducted by us. Furthermore, there can be no assurance that non-head-to-head analyses (e.g., comparisons with competing drugs based on their publicly available study and trial data) will be predictive of future clinical results. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to a lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier trials. We cannot guarantee that our future clinical trial results will be favorable based on currently available clinical and pre-clinical data.

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

Our business will depend on the successful development, regulatory approval and commercialization of our drug candidates for the treatment of patients with our targeted indications, all of which are still in pre-clinical or clinical development, and other new drug candidates that we may identify and develop. As of 30 June 2020, we had initiated five clinical trials, including three registrational trials, and we have submitted nine IND applications for four drug candidates and obtained seven INDs for four drug candidates. However, we cannot guarantee that we are able to obtain regulatory approvals for our other existing drug candidates in a timely manner, or at all. In addition, none of our drug candidates has been approved for marketing in China or any other jurisdictions. Each of our drug candidates will require additional pre-clinical and/or clinical development, regulatory approvals in multiple jurisdictions, substantial investment and significant marketing efforts before we generate any revenue from product sales.

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

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

We may not be successful in our efforts to use and expand our technology platforms to build a pipeline of drug candidates.

A key element of our strategy is to use and expand our Harbour antibody platforms to build a pipeline of drug candidates and progress these drug candidates through clinical development for the treatment of various diseases. Although our research and development efforts to date have resulted in our clinical development of our Core Products and a few other drug candidates under pre-clinical and clinical development, these clinical stage drug candidates may not be safe or effective as a treatment, and we may not be able to develop any other drug candidates. Even if we are successful in building our pipeline of drug candidates, the potential drug candidates that we identify may not be suitable for clinical development or generate acceptable clinical data, including as a result of being shown to have unacceptable toxicity or other characteristics that indicate that they are unlikely to be products that will

receive marketing approval from the NMPA, the U.S. FDA or other regulatory authorities or achieve market acceptance. If we do not successfully develop and commercialize drug candidates, we will not be able to generate revenue in the future.

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

We may not be able to initiate or continue clinical trials for our drug candidates if we are unable to locate and enroll a sufficient number of eligible patients to participate in these trials, in particular for clinical trials focused on orphan diseases, as required by the NMPA, the U.S. FDA, or similar regulatory authorities, or if there are delays in the enrollment of eligible patients as a result of the competitive clinical enrollment environment. The inability to enroll a sufficient number of patients who meet the applicable criteria for our clinical trials would result in significant delays.

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

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

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

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

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

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

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

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

- manufacturing issues, including problems with manufacturing, supply quality, compliance with good manufacturing practice ("**GMP**") or obtaining sufficient quantities of a drug candidate from third parties for use in a clinical trial;

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

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

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

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

- regulators, IRBs or ethics committees may require that we or our investigators suspend or terminate clinical research or not rely on the results of clinical research for various reasons, including non-compliance with regulatory requirements;

- the cost of clinical trials of our drug candidates may be greater than we anticipate; and

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

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

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

Risks Related to Obtaining Regulatory Approval for Our Drug Candidates

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

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

The process of obtaining regulatory approvals and compliance with appropriate laws and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable requirements at any time during the product development process and approval process, or after approval, may subject an applicant to administrative or judicial

sanctions. These sanctions could include: refusal to approve pending applications; withdrawal of an approval; license revocation; clinical hold; voluntary or mandatory product recalls; product seizures; total or partial suspension of production or distribution; injunctions; fines; refusals of government contracts; providing restitution; undergoing disgorgement; or other civil or criminal penalties. Failure to comply with these regulations could have a material adverse effect on our business.

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

The time required to obtain the approval of the NMPA, the U.S. FDA and other comparable regulatory authorities is inherently uncertain and depends on numerous factors, including the substantial discretion of the regulatory authorities. Generally, such approvals take many years to obtain following the commencement of pre-clinical studies and clinical trials, although they are typically provided within 12 to 18 months after clinical trials are completed. In addition, approval policies, regulations or the type and amount of clinical data necessary to gain approval may change during the course of a drug candidate's clinical development and may vary among jurisdictions. As of 30 June 2020, we had initiated five clinical trials, including three registrational trials, and we have submitted nine IND applications for four drug candidates and obtained seven INDs for four drug candidates. However, we cannot guarantee that we are able to obtain regulatory approvals for our other existing drug candidates or any drug candidates we may discover, in-license or acquire and seek to develop in the future.

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

- disagreement with the design or implementation of our clinical trials;
- failure to demonstrate that a drug candidate is safe and effective and potent for its proposed indication;
- failure of our clinical trial results to meet the level of statistical significance required for approval;
- failure of our clinical trial process to pass relevant good clinical practice ("GCP") inspections;
- failure to demonstrate that a drug candidate's clinical and other benefits outweigh its safety risks;
- disagreement with our interpretation of data from pre-clinical studies or clinical trials;

- insufficient data collected from the clinical trials of our drug candidates to support the submission and filing of a new drug application ("**NDA**") or other submissions or to obtain regulatory approval;

- failure of our drug candidates to pass current GMP, inspections during the regulatory review process or across the production cycle of our drug;

- failure of our clinical sites to pass audits carried out by the NMPA, the U.S. FDA or comparable regulatory authorities, resulting in a potential invalidation of our research data;

- findings by the NMPA, the U.S. FDA or comparable regulatory authorities of deficiencies related to the manufacturing processes or the facilities of third-party manufacturers with whom we contract for clinical and commercial supplies;

- changes in approval policies or regulations that render our pre-clinical and clinical data insufficient for approval; and

- failure of our clinical trial process to keep up with any scientific or technological advancements required by approval policies or regulations.

The NMPA, the U.S. FDA or a comparable regulatory authority may require more information, including additional pre-clinical or clinical data, to support approval, which may delay or prevent approval and our commercialization plans. Even if we were to obtain approval, regulatory authorities may approve any of our drug candidates for fewer or more limited indications than we request, grant approval contingent on the performance of costly post-marketing clinical trials, or approve a drug candidate with an indication that is not desirable for the successful commercialization of that drug candidate. Any of the foregoing scenarios could materially harm the commercial prospects of our drug candidates.

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

In the United States, the Federal Food, Drug and Cosmetic Act, as amended by the law generally referred to as "Hatch-Waxman," provides the opportunity for patent-term restoration, meaning a patent term extension of up to five years to reflect patent term lost during certain portions of product development and the U.S. FDA regulatory review process. Hatch-Waxman also has a process for patent linkage, pursuant to which the U.S. FDA will stay approval of certain follow-on applications during the pendency of litigation between the follow-on applicant and the patent holder or licensee, generally for a period of 30 months. Finally, Hatch-Waxman provides for statutory exclusivities that can prevent submission or approval of certain follow-on marketing applications. For example, federal law provides a five-year period of exclusivity within the United States to the first applicant to obtain approval of a new chemical entity and three years of exclusivity protecting certain innovations to previously

approved active ingredients where the applicant was required to conduct new clinical investigations to obtain approval for the modification. Similarly, the United States Orphan Drug Act provides seven years of market exclusivity for certain drugs to treat rare diseases, where the U.S. FDA designates the drug candidate as an orphan drug and the drug is approved for the designated orphan indication. These provisions, designed to promote innovation, can prevent competing products from entering the market for a certain period of time after the U.S. FDA grants marketing approval for the innovative product.

Depending upon the timing, duration and specifics of any FDA marketing approval process for any drug candidates we may develop, one or more of our U.S. patents, if issued, may be eligible for limited patent term extension under Hatch-Waxman. Hatch-Waxman permits a patent extension term of up to five years as compensation for patent term lost during clinical trials and the U.S. FDA regulatory review process. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of drug approval, only one patent may be extended and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. The application for patent term extension is subject to approval by the USPTO, in conjunction with the U.S. FDA. However, we may not be granted an extension because of, for example, failing to exercise due diligence during the testing phase or regulatory review process, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents, or otherwise failing to satisfy applicable requirements. Furthermore, the applicable time period or the scope of patent protection afforded could be less than we request. If we are unable to obtain a patent term extension for a given patent or the term of any such extension is less than we request, the period during which we will have the right to exclusively market our drug will be shortened and our competitors may obtain earlier approval of competing drugs, and our ability to generate revenues could be materially adversely affected.

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

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

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

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

- we may suspend marketing of the drug candidate;
- regulatory authorities may withdraw their approvals of or revoke the licenses for the drug candidate;
- regulatory authorities may require additional warnings on the label;
- the U.S. FDA may require the establishment of a Risk Evaluation and Mitigation Strategy ("**REMS**") or the NMPA or a comparable regulatory authority may require the establishment of a similar strategy that may, for instance, restrict distribution of our drugs and impose burdensome implementation requirements on us;
- we may be required to conduct specific post-marketing studies;
- we could be subjected to litigation proceedings and held liable for harm caused to subjects or patients; and
- our reputation may suffer.

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

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

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

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

In addition, the NHC, along with the NMPA and three other agencies jointly published the first edition of the Rare Disease List on 11 May 2018, which includes 121 diseases covering various genetic disorders. According to the Procedure of Developing the Rare Disease List Protocol released on 28 May 2018, the jurisdiction to adjust the Rare Disease List falls in the hands of NHC and the following four criteria should be met for rare disease designation: (i) the disease has a low prevalence or incidence in China and other countries; (ii) the disease significantly impacts the patient and his or her family; (iii) there is a clear method of diagnosis; and (iv) the disease is treatable and intervention is feasible and economically accessible, or if the disease has no effective treatment or intervention but included in a national research program. MG and NMOSD, two indications being tested by batoclimab, are included in the Rare Disease List. Taking advantage of this rare disease policy, we plan to apply for the "breakthrough designation" for batoclimab in both NMOSD and MG in the first half of 2021 to seek an accelerated development pathway and priority review by the NMPA. However, there is no assurance that the "breakthrough designation" will be granted by the NMPA for batoclimab in NMOSD or MG on our current timeline or within our current budget, or at all. If we do not obtain the "breakthrough designation" for batoclimab in NMOSD or MG in a timely manner or at all, we could experience significant delays in our ability to obtain approval for batoclimab, which may materially harm our development plan of batoclimab and our financial condition, results of operations and prospects.

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

As a result, the regulatory process in China is evolving and subject to change. Any future policies, or changes to current polices might require us to change our planned clinical study design or otherwise spend additional resources and effort to obtain approval of our drug candidates. In addition, policy changes may contain significant limitations related to use restrictions for certain age groups, warnings, precautions or contraindications, or may be subject to burdensome post-approval study or risk management requirements. If we are unable to obtain regulatory approval for our drug candidates in the PRC, or any approval contains significant limitations, we may not be able to obtain sufficient funding or generate sufficient revenue to continue the development of our drug candidates or any other drug candidates that we may in-license, acquire or develop in the future.

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

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

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

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

- restrictions on the marketing or manufacturing of the drug, withdrawal of the drug from the market, or voluntary or mandatory drug recalls;

- fines, warning letters or holds on our clinical trials;
- refusal by the NMPA, the U.S. FDA or comparable regulatory authorities to approve pending applications or supplements to approved applications filed by us, or suspension or revocation of drug license approvals;
- refusal by the NMPA, the U.S. FDA or comparable regulatory authorities to accept any of our other IND approvals, NDAs or BLAs;
- drug seizure or detention, or refusal to permit the import or export of drugs; and
- injunctions or the imposition of civil, administrative or criminal penalties.

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

Risks Related to Commercialization of Our Drug Candidates

Our drug candidates may fail to achieve the degree of market acceptance by physicians, patients, third-party payors and others in the medical community necessary for commercial success.

Even if our drug candidates receive regulatory approval, they may nonetheless fail to gain sufficient market acceptance by physicians and patients and others in the medical community. Physicians and patients may prefer other drugs or drug candidates to ours. If our drug candidates do not achieve an adequate level of acceptance, we may not generate significant revenue from sales of our drugs or drug candidates and may not become profitable.

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

- the clinical indications for which our drug candidates are approved;
- physicians, hospitals and patients considering our drug candidates as a safe and effective treatment;
- whether our drug candidates have achieved the perceived advantages of our drug candidates over alternative treatments;

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

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

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

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

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

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

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

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

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

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

The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. While our principal focus is to develop drug candidates with potential to become differentiated drugs, we face competition with respect to our current drug candidates, and will face competition with respect to any drug candidates that we may seek to develop or commercialize in the future. Our competitors include major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide. We are developing our drug candidates in competition with a number of large biopharmaceutical companies that currently market and sell drugs or are pursuing the development of drugs for the same indications. Some of these competitive drugs and therapies are based on scientific approaches that are the same as or similar to our approach, and others are based on entirely different approaches. For details, see "Business – Our Drug Candidates." Potential competitors further include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization.

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

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

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

We have limited experience in managing the manufacturing process. The manufacture of biopharmaceutical products is a complex process, in part due to strict regulatory requirements. As of the Latest Practicable Date, we have no existing manufacturing infrastructure or capabilities. If we are unable to identify an appropriate production site or a suitable partner to develop our manufacturing infrastructure, or fail to do so in a timely manner, this may lead to significant delays in the manufacturing of our drug candidates once regulatory and marketing approvals have been obtained. The investment for building a new biologics manufacturing facility that is compliant with current GMP regulations may also be a significant upfront cost for us. In turn, this could materially harm our commercialization plans.

In addition, problems may arise during the manufacturing process for a variety of reasons, including equipment malfunction, failure to follow specific protocols and procedures, problems with raw materials, delays related to the construction of new facilities or expansion of any future manufacturing facilities, including changes in manufacturing production sites and limits to manufacturing capacity due to regulatory requirements, changes in the types of products produced, increases in the prices of raw materials, physical limitations that could inhibit continuous supply, man-made or natural disasters and environmental factors. If

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

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

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

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

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

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

The regulations that govern regulatory approvals, pricing and reimbursement for new therapeutic products vary widely from country to country. Some countries require approval of the sale price of a drug before it can be marketed. In many countries, the pricing review period begins after marketing or licensing approval is granted. In some non-U.S. markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we might obtain regulatory approval for a drug in a particular country, but then be subject to price regulations that delay our commercial launch of the drug and negatively impact the revenues we are able to generate from the sale of the drug in that

country. Adverse pricing limitations may hinder our ability to recoup our investment in one or more drug candidates, even if our drug candidates obtain regulatory approval. For example, according to a statement, Opinions on Reforming the Review and Approval Process for Pharmaceutical Products and Medical Devices, issued by the PRC State Council in August 2015, the enterprises applying for new drug approval will be required to undertake that the selling price of a new drug in the PRC market shall not be higher than the comparable market prices of the product in its country of origin or PRC's neighboring markets, as applicable.

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

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

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

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

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

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

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

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

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

Markets outside of China form an important component of our growth strategy, as we may out-license some of our commercialization rights to third parties outside the PRC and conduct certain of our clinical trials abroad. For example, in August 2018, we granted Teruisi an exclusive, worldwide transferable, sublicensable and royalty-bearing license to use three antibody intermediates developed by us through our platform for Teruisi's development of antibody-drug conjugate (ADC) or bispecific antibodies and to develop and commercialize such products. If we fail to obtain applicable licenses or fail to enter into strategic collaboration arrangements with third parties in these markets, or if these collaboration arrangements turn out unsuccessful, our revenue-generating growth potential will be adversely affected.

In addition, we engage in partnerships on Harbour antibody platforms primarily through different models including: (i) the out-licensing model, under which we typically license rights to use our platforms to our partners for multiple projects over a multi-year licensing term without necessarily disclosing the nature of the projects to us, and in return, we may receive an upfront payment, fees and milestones, as well as royalties based on net sales; and (ii) the co-discovery model, under which we typically work with our partners together to select targets, generate and validate novel antibodies against tumor and/or infectious antigens, and this co-discovery model contemplates a milestone-driven collaboration, with the collective goal of generating commercially viable therapeutic candidates. In addition, under the out-licensing model, we sometimes choose to out-license the compounds generated on our Harbour antibody platforms to our partners, and, in return, we may receive an upfront payment, fees and milestones, as well as royalties based on net sales. Failure of any projects under these three models may cause the termination of the partnership with our partners, which may adversely and materially affect our business, results of operations and financial conditions.

Moreover, international business relationships subject us to additional risks that may materially adversely affect our ability to attain or sustain profitable operations, including:

- efforts to enter into collaboration or licensing arrangements with third parties in connection with our international sales, marketing and distribution efforts may increase our expenses or divert our management's attention from the acquisition or development of drug candidates;
- changes in a specific country's or region's political and cultural climate or economic condition;
- differing regulatory requirements for drug approvals and marketing internationally;
- difficulty of effective enforcement of contractual provisions in local jurisdictions;
- potentially reduced protection for intellectual property rights;
- potential third-party patent rights;
- unexpected changes in tariffs, trade barriers and regulatory requirements;
- economic weakness, including inflation or political instability;
- compliance with tax, employment, immigration and labor laws for employees traveling abroad;
- the effects of applicable non-PRC tax structures and potentially adverse tax consequences;
- currency fluctuations, which could result in increased operating expenses and reduced revenue, and other obligations incidental to doing business in another country;
- workforce uncertainty and labor unrest;
- the potential for so-called parallel importing, which is what happens when a local seller, faced with high or higher local prices, opts to import goods from an international market with low or lower prices rather than buying them locally;
- failure of our employees and contracted third parties to comply with Office of Foreign Assets Control rules and regulations and the Foreign Corrupt Practices Act of the United States, and other applicable rules and regulations;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and

- business interruptions resulting from geo-political actions, including war and terrorism, or natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes and fires or health epidemics or pandemics, such as COVID-19.

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

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

We plan to develop certain of our drug candidates for use as a combination therapy. For example, we have initiated the development of HBM4003 as a combination therapy for advanced solid tumors, including melanoma, MSI-H CRC and NSCLC. We obtained an IND approval from the NMPA in September 2020 for HBM4003 as a combination therapy with PD-1 for various types of advanced solid tumors (such as melanoma, MSI-H CRC and NSCLC). If the NMPA, the U.S. FDA or other comparable regulatory agency revokes its approval of another therapeutic we use in combination with our drug candidates, we will not be able to market our drug candidates in combination with such revoked therapeutic. If safety or efficacy issues arise with these or other therapeutics that we seek to combine with our drug candidates in the future, we may experience significant regulatory delays, and we may be required to redesign or terminate the applicable clinical trials. In addition, if manufacturing or other issues result in a supply shortage of any component of our combination drug candidates or if we cannot secure supply of any component of our drug candidates at commercially reasonable or acceptable prices, we may not be able to complete clinical development of our drug candidates on our current timeline or within our current budget, or at all.

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

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

competing products from outside China or other countries where we operate. Any future legislation or regulations that increase consumer access to lower priced medicines from outside China or other countries where we operate could have a material adverse effect on our business.

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

In addition, counterfeit pharmaceutical products are not expected to meet our or our collaborators' rigorous manufacturing and testing standards. A patient who receives a counterfeit pharmaceutical product may be at risk for a number of dangerous health consequences. Our reputation and business could suffer harm as a result of counterfeit pharmaceutical products sold under our or our collaborators' brand name(s). In addition, thefts of inventory at warehouses, plants or while in-transit, which are not properly stored and which are sold through unauthorized channels, could adversely impact patient safety, our reputation and our business.

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

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

Risks Related to Our Intellectual Property Rights

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

Our success depends in large part on our ability to protect our proprietary technology and drug candidates from competition by obtaining, maintaining, defending and enforcing our intellectual property rights, including patent rights. As of 30 June 2020, our owned patent portfolio consist of one issued PRC patent and 39 patent applications, including two PCT patent applications, one U.S. patent application, three European/UK patent applications, one Japan patent application, one South Korea patent application, 18 PRC patent applications and 13 patent applications in other jurisdictions. Our owned patents and patent applications primarily relate to HBM4003 and other internally developed drug candidates leveraging our Harbour antibody platforms. As of 30 June 2020, we exclusively in-licensed the worldwide rights for our H2L2 Platform and HCAb Platform relating to (i) 63 issued patents, including 11 issued in the United States, six issued in Greater China (including Hong Kong, Macau and Taiwan), six issued in the European Union, five issued in Japan, six issued in Australia, four issued in Canada, six issued in South Korea and 19 issued in other jurisdictions and (ii) 12 patent applications in the United States, Greater China, the European Union and India. We expect that any patents that may issue under these applications will expire between 2022 and 2034, before taking into account any extension that may be obtained through patent term extension or adjustment, or term reduction due to filing of terminal disclaimers. As of 30 June 2020, we exclusively in-licensed the Greater China rights for our in-licensed drug candidates relating to (i) four issued patents, including two issued in the PRC, and two issued in Hong Kong/Macau/Taiwan; and (ii) five patent applications, including two PRC patent applications, and three Hong Kong patent applications. In addition, we exclusively in-licensed the worldwide rights (excluding Greater China) for our in-licensed drug candidates relating to (i) seven issued patents, including one issued in the United States, one issued in the European Union, one issued in Japan, one issued in Australia, one issued in South Korea, one issued in Canada and one issued in Russia; and (ii) two patent applications, including one Brazil patent application and one Mexico patent application. These in-licensed patents and patent applications primarily relate to tanfanercept (HBM9036), batoclimab (HBM9161) and HBM9302. We seek to protect the drug candidates and technology that we consider commercially important by filing patent applications in China, the United States and other countries or regions, relying on trade secrets or pharmaceutical regulatory protection or employing a combination of these methods. This process is expensive and time-consuming, and we or our licensors may not be able to file and prosecute all necessary or desirable patent applications in all jurisdictions at a reasonable cost or in a timely manner. There is no assurance that we or our licensors would be able to successfully obtain patent protection for the relevant research and development results in a timely manner, if at all. Also, there is no guarantee that any patents covering the technologies of our platforms will issue from the patent applications

we exclusively licensed, or, if they do, that the issued claims will provide adequate protection for our platforms or any meaningful competitive advantage. In December 2019, the PRC Supreme Court ruled in favor of the licensors of our HCAb Platform (and therefore indirectly in favor of us) by reaffirming the lower court's ruling to reverse the decision by the China National Intellectual Property Administration ("CNIPA") to reject the innovation patent application for our HCAb Platform. The CNIPA is seeking a retrial of this case. In addition, the licensors of our H2L2 Platform have appealed to the PRC Supreme Court the ruling of the lower court supporting the CNIPA's decision to reject the innovation patent application for H2L2 Platform. There is uncertainty regarding the timing or ultimate resolution of these two lawsuits or the other legal proceedings in which we or our licensors are involved. There is no assurance that we will be able to prevail in our defense or reverse any unfavorable judgment, ruling or decision against us. While it is not possible to determine the outcome of these two lawsuits, we believe that the potential impact of the resolution of either of these two lawsuits on our anticipated licensing benefits in connection with our Harbour antibody platforms is limited. However, any adverse determination in any of these two lawsuits could cause our licensors to fail to obtain patent protection with respect to the platform technologies exclusively licensed to us and could potentially allow third parties to commercialize such technologies or our drug candidates originated from such technologies and compete directly with us.

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

Moreover, there can be no assurance that a third party will not challenge their validity, enforceability, or scope, which may result in the patent claims being narrowed or invalidated, or that we will not obtain sufficient claim scope in those patents to prevent a third party from competing successfully with our drug candidates. We or our licensors may become involved in interference, *inter partes* review, post grant review, ex parte reexamination, derivation, opposition or similar other proceedings challenging our patent rights or the patent rights of others. For example, the licensors of our HCAb Platform have been faced with opposition and invalidation proceedings brought by third parties in Europe and Korea with respect to certain patents relating to the technology of our platforms exclusively licensed to us. An adverse determination in any such proceeding could reduce or invalidate the claim scope of these patents and could potentially allow third parties to commercialize such technologies or our drug candidates that may be originated from such technologies and compete directly with us.

In addition, if any of these technologies or products generated from such technologies are found to infringe upon a third party's patent or violate their proprietary rights, such an adverse determination may subject us to significant liabilities, including payment of significant monetary damages and royalties, or require us to seek licenses from third parties that may not be available on commercially favorable terms, if at all. Therefore, we and our partners may be restricted or prevented from further product development or commercializing and selling products that are covered by third party's intellectual property. This could materially harm our business, financial condition and results of operations.

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

Changes in either patent laws or in interpretations of patent laws may diminish the value of our intellectual property.

As is the case with other biotechnology companies, our success is heavily dependent on patents. Obtaining and enforcing patents in the biotechnology industry involves both technological and legal complexity, and is therefore costly, time-consuming and inherently uncertain.

The laws and regulations governing patents in China, the United States or any other jurisdictions could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future. In addition, changes in either the patent laws or interpretation of the patent laws in China, the United States and other jurisdictions may diminish the value of our patents or narrow the scope of our patent protection. Under the America Invents Act ("AIA") enacted in 2011, the United States moved to this first-to-file system in early 2013 from the previous system under which the first to make the claimed invention was entitled to the patent. Assuming the other requirements for patentability are met, the first to file a patent application is entitled to the patent. Publications of discoveries in the scientific literatures often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications, or that we were the first to file for patent protection of such inventions.

We may from time to time be involved in lawsuits to protect or enforce our patents or defend against patent infringements by third parties, which could be expensive, time consuming and unsuccessful.

Competitors may infringe our patents. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time consuming. In any infringement proceeding, a court may decide that a patent of ours is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question. An adverse result in any litigation or defense proceedings could put one or more of our patents at risk of being invalidated or interpreted narrowly and could put our patent application at risk of not being issued.

Litigation may fail. Even if successful, litigation may result in substantial costs and distraction of our management and other employees. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation.

In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, or perceive that the presence or continuation of these cases creates a level of uncertainty regarding our ability to increase or sustain products sales, it could have a substantial adverse effect on the price of our Shares. There is no assurance that our product candidates will not be subject to the same risks.

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

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

The laws of some jurisdictions, including the PRC, do not protect intellectual property rights to the same extent as the laws or rules and regulations in the United States and Europe, and many companies have encountered significant difficulties in protecting and defending such rights in such jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property protection, which could make it difficult for us to stop the infringement

of our patents or marketing of competing drug candidates in violation of our proprietary rights generally. Proceedings to enforce our patent rights in other jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not being issued as patents, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license. Furthermore, while we intend to protect our intellectual property rights in our expected significant markets, we cannot ensure that we will be able to initiate or maintain similar efforts in all jurisdictions in which we may wish to market our drug candidates. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate, which may have an adverse effect on our ability to successfully commercialize our drug candidates in all of our expected significant foreign markets. If we or our licensors encounter difficulties in protecting, or are otherwise precluded from effectively protecting, the intellectual property rights important for our business in such jurisdictions, the value of these rights may be diminished and we may face additional competition from others in those jurisdictions.

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

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

Periodic maintenance and annuity fees on any issued patent are due to be paid to the USPTO and foreign patent agencies over the lifetime of a patent. In addition, the USPTO and other foreign patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process. While an inadvertent failure to make payment of such fees or to comply with such provisions can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which such non-compliance will result in the abandonment or lapse of the patent or patent application, and the partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, and non-payment of fees and failure to properly legalize and submit formal documents within prescribed time limits. If we or our licensors fail to maintain the patents and patent applications covering our drug candidates or if we or our

licensors otherwise allow our patents or patent applications to be abandoned or lapsed, our competitors might be able to enter the market, which would hurt our competitive position and could impair our ability to successfully commercialize our drug candidates in any indication for which they are approved.

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

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

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

We cannot guarantee that our drug candidates or the sale or use of our future products do not and will not in the future infringe, misappropriate or otherwise violate third-party patents or other intellectual property rights. Third parties might allege that we are infringing their patent rights or that we have misappropriated their trade secrets, or that we are otherwise

violating their intellectual property rights, whether with respect to the manner in which we have conducted our research, or with respect to the use or manufacture of the compounds we have developed or are developing. Litigation relating to patents and other intellectual property rights in the biopharmaceutical and pharmaceutical industries is common, including patent infringement lawsuits. The various markets in which we plan to operate are subject to frequent and extensive litigation regarding patents and other intellectual property rights. Some claimants may have substantially greater resources than we have and may be able to sustain the costs of complex intellectual property litigation to a greater degree and for longer periods of time than we could. Third parties might resort to litigation against us or other parties we have agreed to indemnify, which litigation could be based on either existing intellectual property or intellectual property that arises in the future.

It is also possible that we failed to identify, or may in the future fail to identify, relevant patents or patent applications held by third parties that cover our drug candidates. Publication of discoveries in the scientific or patent literature often lags behind actual discoveries. Therefore, we cannot be certain that we were the first to invent, or the first to file patent applications on, our drug candidates or for their uses, or that our drug candidates will not infringe patents that are currently issued or that are issued in the future. In the event that a third party has also filed a patent application covering one of our drug candidates or a similar invention, our patent application may be regarded as a competing application and may not be approved in the end. Additionally, pending patent applications that have been published can, subject to certain limitations, be later amended in a manner that could cover our products or their use.

If a third party were to assert claims of patent infringement against us, even if we believe such third-party claims are without merit, a court of competent jurisdiction could hold that these third-party patents are valid, enforceable and infringed, and the holders of any such patents may be able to block our ability to commercialize the applicable product unless we obtained a license under the applicable patents, or until such patents expire or are finally determined to be invalid or unenforceable. Similarly, if any third-party patents were held by a court of competent jurisdiction to cover aspects of our compositions, formulations, or methods of treatment, prevention, or use, the holders of any such patents may be able to block our ability to develop and commercialize the applicable product unless we obtained a license or until such patent expires or is finally determined to be invalid or unenforceable. In addition, defending such claims would cause us to incur substantial expenses and could cause us to pay substantial damages, if we are found to be infringing a third party's patent rights. These damages potentially include increased damages and attorneys' fees if we are found to have infringed such rights willfully. In order to avoid or settle potential claims with respect to any patent or other intellectual property rights of third parties, we may choose or be required to seek a license from a third party and be required to pay license fees or royalties or both, which could be substantial. These licenses may not be available on acceptable terms, or at all. Even if we were able to obtain a license, the rights may be non-exclusive, which could result in our competitors gaining access to the same intellectual property. Ultimately, we could be prevented from commercializing a drug candidate, or be forced, by court order or otherwise, to modify or cease some or all aspects of our business operations, if, as a result of actual or threatened

patent or other intellectual property claims, we are unable to enter into licenses on acceptable terms. Further, we could be found liable for significant monetary damages as a result of claims of intellectual property infringement.

Defending against claims of patent infringement, misappropriation of trade secrets or other violations of intellectual property rights could be costly and time-consuming, regardless of the outcome. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. Thus, even if we were to ultimately prevail, or to settle at an early stage, such litigation could burden us with substantial unanticipated costs.

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

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

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

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

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

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

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

In addition, any future intellectual property litigation, interference or other administrative proceedings will result in additional expense and distraction of our personnel. An adverse outcome in such litigation or proceedings may expose us or any future strategic partners to loss of our proprietary position, expose us to significant liabilities, or require us to seek licenses that may not be available on commercially acceptable terms, if at all, each of which could have a material adverse effect on our business.

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

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

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

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

of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us and our competitive position would be harmed.

Furthermore, many of our employees, consultants, and advisers, including our senior management, were previously employed at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Some of these employees, consultants, and advisers, including members of our senior management, executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's former employer. We are not aware of any threatened or pending claims related to these matters or concerning the agreements with our senior management, but in the future litigation may be necessary to defend against such claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management. In addition, while we typically require our employees, consultants and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own, and furthermore, the assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, each of which may result in claims by or against us related to the ownership of such intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs, be a distraction to our management and scientific personnel and have a material adverse effect on our business, financial condition, results of operations and prospects.

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

Because our programs may involve additional drug candidates that may require the use of proprietary rights held by third parties, the growth of our business may depend in part on our ability to acquire and maintain licenses or other rights to use these proprietary rights. We may be unable to acquire or in-license any compositions, methods of use, or other intellectual property rights from third parties that we identify. The licensing and acquisition of third-party intellectual property rights is a competitive area, and a number of more established companies are also pursuing strategies to license or acquire third-party intellectual property rights that we may consider attractive or necessary. These established companies may have a competitive advantage over us due to their size, cash resources and greater clinical development and commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We may also be unable to license or acquire

third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment or at all. If we are unable to successfully obtain rights to required third-party intellectual property rights or maintain the existing intellectual property rights we have, we may have to abandon development of the relevant program or drug candidate, which could have a material adverse effect on our business, financial condition, results of operations and prospects for growth.

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

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

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

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

In addition, our licensors may have relied on third party consultants or collaborators or on funds from third parties such that our licensors are not the sole and exclusive owners of the patents we in-license. This could have a material adverse effect on our competitive position, business, financial condition, results of operations, and prospects.

In spite of our best efforts, our licensors might conclude that we have materially breached our license agreements and might therefore terminate the license agreements, thereby removing our ability to develop and commercialize drug products covered by these license agreements. If such licenses are terminated, we may be required to seek alternative in-license arrangements, which may not be available on commercially reasonable terms or at all, or may be non-exclusive. If these in-licenses are terminated, or if the underlying patents fail to provide the intended exclusivity, we may need to modify or cease the development, manufacture, and commercialization of one or more of our drug candidates and competitors would have the freedom to seek regulatory approval of, and to market, products identical to ours. In addition, we may seek to obtain additional licenses from our licensors and, in connection with obtaining such licenses, we may agree to amend our existing licenses in a manner that may be more favorable to the licensors, including by agreeing to terms that could enable third parties (potentially including our competitors) to receive licenses to a portion of the intellectual property that is subject to our existing licenses. Any of these events could have a material adverse effect on our competitive position, business, financial condition, results of operations, and prospects.

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

Our business relies, in large part, on our ability to develop and commercialize drug candidates we have licensed from third parties, and we have entered into license agreements with third parties providing us with rights to various third-party intellectual property, including rights in patents and patent applications. Our licenses may not encumber all intellectual property rights owned or controlled by the affiliates of our licensors and relevant to our drug candidates, and we may need to obtain additional licenses from our existing licensors and others to advance our research or allow commercialization of drug candidates we may develop. In such case, we may need to obtain additional licenses which may not be available on an exclusive basis, on commercially reasonable terms or at a reasonable cost, if at all. In that event, we may be required to expend significant time and resources to redesign our drug candidates or the methods for manufacturing them or to develop or license replacement technology, all of which may not be feasible on a technical or commercial basis. If we are unable to do so, we may be unable to develop or commercialize the affected drug candidates, which could harm our business, financial condition, results of operations, and prospects significantly.

In addition, if our licensors breach the license agreements, we may not be able to enforce such agreements against our licensors' parent entity or affiliates. Under each of our license and intellectual property-related agreements, in exchange for licensing or sublicensing us the right to develop and commercialize the applicable drug candidates, our licensors will be eligible to receive from us milestone payments, tiered royalties from commercial sales of such drug candidates, assuming relevant approvals from government authorities are obtained, or other payments. Our license and intellectual property-related agreements also require us to comply with other obligations, including development and diligence obligations, providing certain information regarding our activities with respect to such drug candidates and/or maintaining the confidentiality of information we receive from our licensors.

If we fail to comply with our obligations under our current or future license agreements, our counterparties may have the right to terminate these agreements and, upon the effective date of such termination, have the right to re-obtain the licensed and sub-licensed technology and intellectual property. If any of our licensors terminate any of our licenses, we might not be able to develop, manufacture or market any drug or drug candidate that is covered by the licenses provided for under these agreements and other third parties may be able to market drug candidates similar or identical to ours. In such case, we may have to negotiate new or reinstated agreements with less favorable terms, and may be required to provide a grant back license to the licensors under our own intellectual property with respect to the terminated products. We may also face claims for monetary damages or other penalties under these agreements. While we would expect to exercise all rights and remedies available to us, including seeking to cure any breach by us, and otherwise seek to preserve our rights under the intellectual property rights licensed and sublicensed to us, we may not be able to do so in a timely manner, at an acceptable cost or at all. In particular, some of the milestone payments are payable upon our drug candidates reaching development milestones before we have commercialized, or received any revenue from, sales of such drug candidate, and we cannot guarantee that we will have sufficient resources to make such milestone payments. For example, as of 30 June 2020, we had made upfront and milestone payments of US$4.0 million and US$4.0 million for tanfanercept (HBM9036) and batoclimab (HBM9161), respectively. Any uncured, material breach under the license agreements could result in our loss of exclusive rights and may lead to a complete termination of our rights to the applicable drug candidate. Any of the foregoing could have a material adverse effect on our business, financial conditions, results of operations, and prospects.

It is possible that we may be unable to obtain any additional licenses at a reasonable cost or on reasonable terms, if at all. Certain of our license agreements also require us to meet development thresholds to maintain the license, including establishing a set timeline for developing and commercializing products. Disputes may arise regarding intellectual property subject to a license agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;

- the extent to which our technology and processes infringe, misappropriate or violate intellectual property of the licensor that is not subject to the license agreement;

- the sublicensing of patent and other rights under our collaborative development relationships;

- our diligence obligations under the license agreement and what activities satisfy those diligence obligations;

- the inventorship and ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners; and

- the priority of invention of patented technology.

In addition, the agreements under which we license intellectual property or technology from third parties are complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement, either of which could have a material adverse effect on our business, financial condition, results of operations, and prospects. Moreover, if disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on commercially acceptable terms, we may be unable to successfully develop and commercialize the affected drug candidates, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

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

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

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

- we might not have been the first to make the inventions covered by the issued patents or pending patent applications that we own or may in the future exclusively license, which could result in the patents applied for not being issued or being invalidated after issuing;

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

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

- it is possible that our pending patent applications are unsuccessful and do not lead to patents being issued;

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks Related to Our Industry, Business and Operations

We face competition from entities that have developed or may develop technology platforms for the treatment of the diseases that we may target. If these entities develop technology platforms more rapidly than we do, or if their technology platforms are more effective, our ability to develop and successfully commercialize our technology platforms may be adversely affected.

There is intense and rapidly evolving competition in the biotechnology, biopharmaceutical and antibody and immuno-oncology fields. We compete with a variety of large pharmaceutical companies, multinational biopharmaceutical companies, other biopharmaceutical companies and specialized biotechnology companies, as well as technology being developed at universities and other research institutions. Many of our competitors have significantly greater financial, technical, manufacturing, marketing, sales and supply resources or experience than we do. We believe that while our Harbour antibody platforms, their associated intellectual property, the characteristics of our existing drug candidates and potential future drug candidates, and our scientific and technical know-how together give us a competitive advantage in this space, competition from many sources remains. Our commercial opportunity and success will be reduced or eliminated, if any competing technology platforms become available that are more effective or less expensive than the platforms we develop.

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

We are highly dependent on Dr. Jingsong Wang, our Founder, Chairman of the Board and Chief Executive Officer, and other principal members of our management, as well as the expertise of the members of our research and development team. We have entered into employment agreements with our executive officers, but each of them may terminate his or her employment with us at any time with prior written notice. In addition, we currently do not have "key-person" insurance for any of our executive officers or other key personnel.

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

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

We expect to experience significant growth in the number of our employees and consultants and the scope of our operations, particularly in the areas of clinical development, regulatory affairs and business development. To manage our anticipated future growth, we must continue to implement and improve our managerial, operational and financial systems, expand our facilities and continue to recruit and train additional qualified personnel. Due to our limited financial resources, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel. The expansion of our operations may lead to significant costs and may divert our management and business development resources. Any inability to manage growth could delay the execution of our business plans or disrupt our operations, and have a material adverse effect on our business.

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

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

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

In addition, we rely on CROs, our partners and other third parties to monitor and manage data for some of our ongoing pre-clinical and clinical programs and control only certain aspects of their activities. If any of our CROs, our partners or other third parties does not perform to our standards in terms of data accuracy or completeness, data from those pre-clinical and clinical trials may be compromised as a result, and our reliance on these parties does not relieve us of our regulatory responsibilities. For a detailed discussion, see "– Risks Related to Our Reliance on Third Parties – As we rely on third parties to conduct our pre-clinical studies and clinical trials, if we lose our relationships with these third parties or if they do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our drug candidates and our business could be substantially harmed" above.

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

We currently carry liability insurance covering our clinical trials. Although we maintain such insurance, any claim that may be brought against us could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by our insurance or which is in excess of the limits of our insurance coverage. Our insurance policies also contain various exclusions, and we may be subject to particular liability claims for which we have no coverage. We will have to pay any amount awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts. In addition, if we cannot successfully defend ourselves against such claims, we may incur substantial liabilities and be required to suspend or delay our ongoing clinical trials. Even a successful defense would require significant financial and management resources.

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

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

We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.

We maintain insurance policies that are required under PRC laws and regulations as well as insurance based on our assessment of our operational needs and industry practice. We also maintain liability insurance covering our clinical trials. In line with industry practice in the PRC, we have elected not to maintain certain types of insurances, such as business interruption insurance or key-person insurance. Our insurance coverage may be insufficient to cover any claim for product liability, damage to our fixed assets or employee injuries. Any liability or damage to, or caused by, our facilities or our personnel beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.

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

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

COVID-19 had a severe and negative impact on the Chinese and the global economy in the first quarter of 2020. Whether this will lead to a prolonged downturn in the economy is still unknown. China's National Bureau of Statistics reported a negative GDP growth of 6.8% for the first quarter of 2020. Even before the outbreak of COVID-19, the global macroeconomic environment was facing numerous challenges. The growth rate of the Chinese economy had already been slowing since 2010. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China, even before 2020. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. There have also been concerns about the relationship between China and other countries, including the surrounding Asian countries, which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to trade policies, treaties, government regulations and tariffs. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. In addition, the U.K. held a referendum on 23 June 2016 on its membership in the European Union, in which a majority of voters in the U.K. voted to exit the European Union (commonly referred to as "**Brexit**"). On 31 January 2020, the U.K. withdrew from the European Union and entered into a transition period to, among other things, negotiate an agreement with the European Union

governing the future relationship between the European Union and the U.K. The referendum and subsequent withdrawal of the U.K. from the European Union has created significant uncertainty about the future relationship between the U.K. and the European Union. Brexit could adversely affect European and worldwide economic and market conditions and could contribute to instability in global financial and foreign exchange markets. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Any severe or prolonged slowdown in the global or Chinese economy may result in disruptions in the financial markets, which may materially and adversely affect our ability to raise capital.

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

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

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

If we obtain approval of any of our drug candidates and begin commercializing those drugs in the PRC, the United States or other applicable jurisdictions, our potential exposure under the laws of such jurisdictions will increase significantly and our costs associated with compliance with such laws are also likely to increase. These laws may impact, among other things, our current activities with principal investigators and research patients, as well as future sales, marketing and education programs. In particular, the promotion, sales and marketing of healthcare items and services, as well as certain business arrangements in the healthcare industry, are subject to extensive laws designed to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, structuring and commission(s), certain

customer incentive programs and other business arrangements generally. Activities subject to these laws also involve the improper use of information obtained in the course of patient recruitment for clinical trials, which could result in regulatory sanctions and cause serious harm to our reputation.

The existence of legal, regulatory and administrative proceedings against any of our employees, independent contractors, consultants, commercial partners and vendors, even if they do not involve our company, may harm our reputation, and adversely affect our business and operations. In addition, it is not always possible to identify and deter misconduct by employees and other parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant fines or other sanctions.

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

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

- increased operating expenses and cash requirements;
- the assumption of additional indebtedness or contingent liabilities;
- the issuance of our equity securities;
- assimilation of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management's attention from our existing product programs and initiatives in pursuing such a strategic partnership or acquisition;
- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the assimilation of operations, corporate culture and personnel of the acquired business;

- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and its existing drugs or drug candidates and regulatory approvals;

- our inability to generate revenue from acquired technology and/or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs; and

- changes in accounting principles relating to recognition and measurement of our investments that may have a significant impact on our financial results.

In addition, if we undertake acquisitions, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses and acquire intangible assets that could result in significant future amortization expense. Moreover, we may not be able to locate suitable acquisition opportunities and this inability could impair our ability to grow or obtain access to technology or products that may be important to the development of our business.

If we fail to comply with applicable anti-bribery laws, our reputation may be harmed and we could be subject to penalties and significant expenses that have a material adverse effect on our business, financial condition and results of operations.

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

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

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

If we or our CROs or other contractors or consultants fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.

We and third parties, such as our CROs or other contractors or consultants, are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations involve the use of hazardous and flammable materials, including chemicals and radioactive and biological materials. Our operations also produce hazardous waste products. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties.

Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of or exposure to hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage, use or disposal of biological, hazardous or radioactive materials.

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

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

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

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

Although to our knowledge we have not experienced any material system failure or security breach to date, if such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations. For example, the loss of clinical trial data from completed or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Likewise, we partially rely on our third-party research institution collaborators for research and development of our drug candidates and rely on other third parties for the manufacture of our drug candidates and to conduct clinical trials, and similar events relating to their computer systems could also have a material adverse effect on our business.

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

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

We face an inherent risk of product liability as a result of the clinical testing and any future commercialization of our drug candidates inside and outside China. For example, we may be sued if our drug candidates cause or are perceived to cause injury or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the drug, negligence, strict liability or a breach of warranties. Claims could also be asserted under applicable consumer protection laws. If we cannot successfully defend ourselves against or obtain indemnification from our collaborators for product liability claims, we may incur substantial liabilities or be required to limit commercialization of our drug candidates. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability

claims may result in: decreased demand for our drug candidates; injury to our reputation; withdrawal of clinical trial participants and inability to continue clinical trials; initiation of investigations by regulators; costs to defend the related litigation; a diversion of management's time and our resources; substantial monetary awards to trial participants or patients; product recalls, withdrawals or labeling, marketing or promotional restrictions; loss of revenue; exhaustion of any available insurance and our capital resources; the inability to commercialize any approved drug candidate; and a decline in the market price of our Shares.

To cover such liability claims arising from clinical studies, we purchase clinical trial insurance in the conduct of our clinical trials. It is possible that our liabilities could exceed our insurance coverage or that our insurance will not cover all situations in which a claim against us could be made. We may not be able to maintain insurance coverage at a reasonable cost or obtain insurance coverage that will be adequate to satisfy any liability that may arise. If a successful product liability claim or series of claims is brought against us for uninsured liabilities or in excess of insured liabilities, our assets may not be sufficient to cover such claims and our business operations could be impaired. Should any of these events occur, it could have a material adverse effect on our business, financial condition and results of operations.

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

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

Regulatory authorities in China have implemented and are considering a number of legislative and regulatory proposals concerning data protection. For example, China's Cyber Security Law, which became effective in June 2017, created China's first national-level data protection for "network operators," which may include all organizations in China that provide services over the internet or another information network. Numerous regulations, guidelines and other measures are expected to be adopted under the umbrella of the Cyber Security Law. Drafts of some of these measures have now been published, including the draft rules on cross-border transfers published by the Cyberspace Administration of China in 2017, which may, upon enactment, require security review before transferring human health-related data out of China. In addition, certain industry-specific laws and regulations affect the collection and transfer of personal data in China. For example, the PRC State Council promulgated Regulations on the Administration of Human Genetic Resources (effective in July 2019), which require approval from the Science and Technology Administration Department of the PRC

State Council where human genetic resources ("**HGR**") are involved in any international collaborative project and additional approval for any export or cross-border transfer of the HGR samples or associated data. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our practices, potentially resulting in confiscation of HGR samples and associated data and administrative fines. In addition, the interpretation and application of data protection laws in China and elsewhere are often uncertain and in flux.

In the United States, we are subject to laws and regulations that address privacy, personal information protection and data security at both the federal and state levels. Numerous laws and regulations, including security breach notification laws, health information privacy laws, and consumer protection laws, govern the collection, use, disclosure and protection of health-related and other personal information. Given the variability and evolving state of these laws, we face uncertainty as to the exact interpretation of the new requirements, and we may be unsuccessful in implementing all measures required by regulators or courts in their interpretation.

Regulatory authorities in Europe have implemented and are considering a number of legislative and regulatory proposals concerning data protection. For example, the General Data Protection Regulation (EU) 2016/679 ("**GDPR**"), which became effective in May 2018, imposes a broad range of strict requirements on companies subject to the GDPR, such as us, including, but not limited to, requirements relating to having legal bases for processing personal information relating to identifiable individuals and transferring such information outside the European Economic Area (including to the United States), providing details to those individuals regarding the processing of their personal information, keeping personal information secure, having data processing agreements with third parties who process personal information, responding to individuals' requests to exercise their rights in respect of their personal information, reporting security breaches involving personal data to the competent national data protection authority and affected individuals, and recordkeeping. The GDPR substantially increases the penalties to which we could be subject in the event of any non-compliance, including fines of up to 10,000,000 Euros or up to 2% of our total worldwide annual turnover for certain comparatively minor offenses, or up to 20,000,000 Euros or up to 4% of our total worldwide annual turnover for more serious offenses. Given the new law, we face uncertainty as to the exact interpretation of the new requirements, and we may be unsuccessful in implementing all measures required by data protection authorities or courts in interpretation of the new law. National laws of member states of the European Union are in the process of being adapted to the requirements under the GDPR. Because the GDPR specifically gives member states flexibility with respect to certain matters, national laws may partially deviate from the GDPR and impose different obligations from country to country, leading to additional complexity and uncertainty.

We expect that we will continue to face uncertainty as to whether our efforts to comply with evolving obligations under global data protection, privacy and security laws will be sufficient. Any failure or perceived failure by us to comply with applicable laws and regulations could result in reputational damage or proceedings or actions against us by governmental entities, individuals or others. These proceedings or actions could subject us to

significant civil or criminal penalties and negative publicity, result in the delayed or halted transfer or confiscation of certain personal information, require us to change our business practices, increase our costs and materially harm our business, prospects, financial condition and results of operations. In addition, our current and future relationships with customers, vendors, pharmaceutical partners and other third parties could be negatively affected by any proceedings or actions against us or current or future data protection obligations imposed on them under applicable law, including the GDPR. In addition, a data breach affecting personal information, including health information, could result in significant legal and financial exposure and reputational damage that could potentially have an adverse effect on our business.

Our business, financial condition and results of operations could be adversely affected by the COVID-19 outbreak.

The global outbreak of COVID-19, the disease caused by a novel strain of coronavirus, has created significant business disruption which could materially and adversely affect our business and operations. The outbreak has resulted in governments implementing numerous measures to contain COVID-19, such as travel bans and restrictions, quarantines, shelter-in-place, temporary shutdown of factories, business limitations, or total lock-down orders. These containment measures are subject to change and may be further tightened. This outbreak has led to temporary closure of our offices in the first quarter of 2020, causing cancellation of physical participation in meetings, restrictions on employee travels, and a significant portion of our employees working from home, which resulted in lower work efficiency and productivity, and the disruption to our business operations and clinical trials.

The outbreak of COVID-19 and the resulting government measures may materially and adversely impact our planned and ongoing clinical trials and development. Clinical site initiation, including recruiting clinical site investigators and clinical site staff, and patient enrollment may be delayed due to prioritization of hospital resources toward the COVID-19 pandemic. For example, clinical activities and patient enrolment for our ongoing clinical trials for tanfanercept and batoclimab have been delayed. The diversion of healthcare resources away from the conduct of clinical trials to focus on pandemic concerns, including the attention of physicians serving as our clinical trial investigators and hospitals serving as our clinical trial sites, or other staff supporting the conduct of our clinical trials may significantly disrupt our research activities. Hospitals have also had reduced patient flow in general during the outbreak period. As a result, the expected timeline for data readouts of our clinical trials and potential submission and filings will likely be negatively impacted, which would adversely affect and delay our ability to obtain certain regulatory approvals, increase our operating expenses and have a material adverse effect on our financial condition. Furthermore, we could face the interruption of key clinical activities such as trial site data monitoring, which may impact the integrity of clinical data. Similarly, our ability to recruit and retain patients and principal investigators and site staff who, as healthcare providers, may have heightened exposure to COVID-19, may be impeded, which would also materially and adversely impact our clinical trial operations. As a result of disruptions caused by the COVID-19 pandemic, we may require additional capital to continue our research activities, which we may be unable to secure on

favorable terms, if at all. In addition, we believe that our business partners, such as our licensing partners, CROs or suppliers, have also experienced and may continue to experience similar or more severe disruptions to their business operations. Any disruption to the business operations of us and our business partners could materially and adversely affect the development of our drug candidates, our business, financial condition and results of operations. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this "Risk factors" section. For details, see "Financial information – Impact of the COVID-19 outbreak."

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

Natural disasters, acts of war or terrorism, health epidemics, or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions where we conduct our business. Our operations may be under the threat of floods, earthquakes, sandstorms, snowstorms, fire or drought, power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or may be susceptible to potential wars or terrorist attacks. Serious natural disasters may result in loss of lives, injury, destruction of assets and disruption of our business and operations. Acts of war or terrorism may also injure our employees, cause loss of lives, disrupt our business network and destroy our markets. Any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial conditions and results of operations.

Our business could be adversely affected by the effects of epidemics, including COVID-19, avian influenza, severe acute respiratory syndrome (SARS), influenza A (H1N1), Ebola or another epidemic. Any such occurrences could cause severe disruption to our daily operations and may even require a temporary closure of our offices and laboratories. In recent years, there have been outbreaks of epidemics in China and globally. See also "– Our business, financial condition and results of operations could be adversely affected by the COVID-19 outbreak."

Any harm to our brand recognition and reputation may materially and adversely affect our business, results of operations and prospects.

The brand recognition and reputation of our "Harbour BioMed" name and the successful maintenance and enhancement of our brand and reputation have contributed and will continue to contribute significantly to our success and growth. Any negative perception and publicity concerning us, our affiliates or any entity that shares the "Harbour BioMed" name, whether or not justified, could tarnish our reputation and reduce the value of our brand, which could adversely affect our results of operations and business prospects. There can be no assurance

that negative perception or publicity about us or any of our affiliates or any entity that shares the "Harbour BioMed" name would not damage our brand image or have a material adverse effect on our business, results of operations and prospects.

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

Our reputation is vulnerable to many threats that can be difficult or impossible to control, and costly or impossible to remediate. Negative publicity about us, such as alleged misconduct or improper activities, or negative rumors relating to us, our management, employees, business partners or affiliates, can harm our business and results of operations, even if they are unsubstantiated or are satisfactorily addressed. Any regulatory inquiries or investigations or other actions against our management, any perceived unethical, fraudulent, or inappropriate business conduct by us or perceived wrong doing by any key member of our management team or other employees, our business partners or our affiliates, could harm our reputation and materially adversely affect our business. Regardless of the merits or final outcome of any such regulatory inquiries or investigations or other actions, our reputation may be substantially damaged, which may impede our ability to attract and retain talent pool and business partners and grow our business.

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

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

We are or will be subject to rules and regulations by various governing bodies, including, for example, the various regulatory authorities in China and the Cayman Islands, and to new and evolving regulatory measures under applicable law. Our efforts to comply with new and changing laws and regulations have resulted in and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

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

Risks Related to Doing Business in China

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

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

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

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

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

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

In addition, the PRC government had, in the past, implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and results of operations. More generally, if the business environment in China deteriorates from the perspective of domestic or international investment, our business in China may also be adversely affected.

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

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

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

of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. These uncertainties may impede our ability to enforce various contracts we have entered into and could materially and adversely affect our business, financial condition and results of operations.

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

Most of our major operating subsidiaries are incorporated in China. Most of our management reside in China from time to time. Most of our assets and some of the assets of our management are located in China. Therefore, it may not be possible for investors to effect service of process upon us or our management inside China. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions.

On 14 July 2006, Hong Kong and China entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (the "**Arrangement**"), pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a Chinese court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a Chinese court is expressly designated as the court having sole jurisdiction for the dispute. On 18 January 2019, the Supreme People's Court and the Hong Kong Special Administrative Region (Hong Kong SAR) Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (the "**New Arrangement**"), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong SAR and the Mainland. The New Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. The New Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People's Court and the completion of the relevant legislative procedures in the Hong Kong SAR. The New Arrangement will, upon its effectiveness, supersedes the Arrangement. Therefore, before the New Arrangement becomes effective it may be difficult or impossible to enforce a judgment rendered by a Hong Kong court in China if the parties in the dispute do not agree to enter into a choice of court agreement in writing.

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

Our business benefits from certain financial incentives and discretionary policies granted by local governments. Expiration of, or changes to, these incentives or policies would have an adverse effect on our results of operations.

In the past, local governments in China granted certain financial incentives from time to time to our PRC subsidiaries as part of their efforts to encourage the development of local businesses. The timing, amount and criteria of government financial incentives are determined within the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We generally do not have the ability to influence local governments in making these decisions. Local governments may decide to reduce or eliminate incentives at any time. In addition, some of the government financial incentives are granted on a project basis and subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements and completion of the specific projects therein. We cannot guarantee that we will satisfy all relevant conditions, and if we fail to satisfy any such conditions, we may be deprived of the relevant incentives. We cannot assure you of the continued availability of the government incentives currently enjoyed by us. Any reduction or elimination of incentives would have an adverse effect on our results of operations.

We may be restricted from transferring our scientific data abroad.

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

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

relevant government authorities consider the transmission of our scientific data to be in violation of the requirements under the Scientific Data Measures, we may be subject to specific administrative penalties imposed by those government authorities.

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

The U.S. government has recently made statements and taken certain actions that may lead to potential changes to U.S. and international policies with regard to China. It is unknown whether and to what extent other new laws or regulations will be adopted, or the effect that any such actions would have on us or our industry. While we have not started commercialization of drug candidates, any unfavorable international government policies, such as capital controls or tariffs, may affect the demand for our drug products, the competitive position of our drug products, the hiring of scientists and other research and development personnel, and import or export of raw materials in relation to drug development, or prevent us from selling our drug products in certain countries. If any new legislation and/or regulations are implemented, or in particular, if the U.S. government takes retaliatory actions due to the recent U.S.-China tension, such changes could have an adverse effect on our business, financial condition and results of operations.

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

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

or are subject to approval by organizations or personnel in China; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in China; and (iv) at least 50% of voting board members or senior executives habitually reside in China.

We believe that we are not a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." If the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, we could be subject to PRC tax at a rate of 25% on our worldwide income, which could materially reduce our net income, and we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises. In addition, non-resident enterprise shareholders may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of our Shares, if such income is treated as sourced from within China. Furthermore, if we are deemed a PRC resident enterprise, dividends payable to our non-PRC individual shareholders and any gain realized on the transfer of our Shares by such shareholders may be subject to PRC tax at a rate of 20% in the case of non-PRC individuals (which in the case of dividends may be withheld at source) unless a reduced rate is available under an applicable tax treaty. It is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our Shares.

Failure to renew our current leases could materially and adversely affect our business.

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

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

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

We have granted, and may continue to grant, options and other types of awards under our share incentive plan, which may result in increased share-based compensation expenses, and resolving complaints or disputes related to these awards could cause us to incur legal and other costs.

We have adopted the Pre-IPO Equity Plan for the purpose of granting share-based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with ours. We also expect to adopt the Post-IPO Share Schemes with effect from the Listing. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based compensation to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations. We may re-evaluate the vesting schedules, lock-up period, exercise price or other key terms applicable to the grants under our currently effective share incentive plans and any subsequently adopted share incentive plans from time to time. If we choose to do so, we may experience substantial change in our share-based compensation charges in the reporting periods following the Global Offering.

In addition, we have from time to time been involved in complaints or disputes with our employees or former employees on employment related matters, including employee incentive or compensation arrangements. Resolving these complaints or disputes could cause us to incur legal and other costs. Any adverse outcome of these complaints or disputes could have a material adverse effect on our reputation, business and results of operations.

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

The conversion of RMB into foreign currencies, including Hong Kong dollars, is based on rates set by the People's Bank of China. The RMB has fluctuated against Hong Kong dollar, at times significantly and unpredictably. The value of RMB against Hong Kong dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. We cannot assure you that RMB will not appreciate or depreciate significantly in value against Hong Kong dollar in the future. It is difficult to predict how market forces or PRC or Hong Kong government policy may impact the exchange rate between RMB and Hong Kong dollar in the future.

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

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

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

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the "**M&A Rules**") adopted by six PRC regulatory agencies in 2006 and amended in 2009, established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. Such regulation requires, among other things, that the Ministry of Commerce (the "**MOFCOM**") be notified in advance of any change of control transaction in which a foreign investor acquires control of a PRC domestic enterprise and involves any of the following circumstances: (i) any important industry is concerned; (ii) such transaction involves factors that impact or may impact national economic security; or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. We do not expect that this Global Offering will trigger MOFCOM pre-notification under each of the above-mentioned circumstances or any review by other PRC government authorities, except as

disclosed below in "– The approval of the CSRC may be required in connection with this Global Offering, and, if required, we cannot predict whether we will be able to obtain such approval." Moreover, the Anti-Monopoly Law promulgated by the Standing Committee of National People's Congress which became effective in 2008 and other relevant rules and notices require that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by State Administration for Market Regulation (the "**SAMR**") before they can be completed.

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

We are a Cayman Islands holding company and we may rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. If any of our PRC subsidiaries incur debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Under PRC laws and regulations, our PRC subsidiaries, each of which is a wholly foreign-owned enterprise may pay dividends only out of their respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its after-tax profits each year, if any, to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. At its discretion, a wholly foreign-owned enterprise may allocate a portion of its after-tax profits based on PRC accounting standards to a staff welfare and bonus fund. The reserve fund and staff welfare and bonus fund cannot be distributed to us as dividends.

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

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

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

Pursuant to the Arrangement between Mainland China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (the "**Hong Kong Tax Treaty**"), our Hong Kong subsidiary (Harbour BioMed Therapeutics Limited), as the shareholder of our wholly-owned foreign enterprises in the PRC, may be subject to a withholding tax at a rate of 5% on dividends received from our PRC operating subsidiaries as a Hong Kong tax resident. Pursuant to the Hong Kong Tax Treaty, subject to certain conditions, this reduced withholding tax rate will be available for dividends from PRC entities provided that the recipient can demonstrate it is a Hong Kong tax resident and it is the beneficial owner of the dividends. However, there is no assurance that the reduced withholding tax rate will be available.

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

We and our directors, executive officers and other employees who are PRC citizens or who have resided in China for a continuous period of not less than one year and who have been granted restricted share units, restricted shares or options are subject to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plan of Overseas Publicly Listed Company, according to which, employees, directors, supervisors and other management members participating in any share incentive plan of an overseas publicly listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to limited exceptions, are required to register with SAFE, through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures.

We plan to assist our employees to register their share options or shares. However, any failure to complete SAFE registrations may subject such employees and us to (i) legal or administrative sanctions imposed by SAFE or other PRC authorities, including fines; (ii) restrictions on our cross-border investment activities; (iii) limits on the ability of our wholly owned subsidiaries in China to distribute dividends or the proceeds from any reduction in capital, share transfer or liquidation to us; and (iv) prohibitions on our ability to inject additional capital into these subsidiaries. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC law for circumventing applicable foreign exchange restrictions. We also face regulatory uncertainties that could restrict our ability to adopt additional share incentive plans for our directors and employees under PRC law.

In addition, the SAT has issued circulars concerning employee share options or restricted shares. Under these circulars, employees working in China who exercise share options, or whose restricted shares vest, will be subject to PRC individual income tax. The PRC subsidiaries of an overseas listed company have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold

individual income taxes of those employees related to their share options or restricted shares. If the employees fail to pay, or the PRC subsidiaries fail to withhold applicable income taxes, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC government authorities.

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

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

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

We may not be informed of the identities of all the PRC residents holding direct or indirect interests in our company, and we cannot provide any assurance that these PRC residents will comply with our request to make or obtain any applicable registrations or continuously comply with all requirements under SAFE Circular 37 or other related rules. The failure or inability of the relevant shareholders to comply with the registration procedures set forth in these regulations may subject us to fines and legal sanctions, such as restrictions on our cross-border investment activities, on the ability of our wholly foreign-owned subsidiaries in China to distribute dividends and the proceeds from any reduction in capital, share transfer or liquidation to us. Moreover, failure to comply with the various foreign exchange registration

requirements described above could result in liability under PRC law for circumventing applicable foreign exchange restrictions. As a result, our business operations and our ability to distribute profits could be materially and adversely affected.

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

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

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

SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises ("**SAFE Circular 19**"), effective on 1 June 2015, in replacement of the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, the Notice from the State Administration of Foreign Exchange on Relevant Issues Concerning Strengthening the Administration of Foreign Exchange Businesses, and the Circular on Further Clarification and Regulation of the Issues Concerning the Administration of Certain Capital Account Foreign Exchange Businesses. According to SAFE Circular 19, the flow and use of RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company is regulated such that RMB capital may not be used for the issuance of RMB entrusted loans, the repayment of inter-enterprise loans or the repayment of banks loans that have been transferred to a third party. Although SAFE Circular 19 allows RMB capital converted from foreign currency-denominated registered capital of a foreign-invested enterprise to be used for equity investments within China, it also reiterates the principle that

RMB converted from the foreign currency-denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope. Thus, it is unclear whether SAFE will permit such capital to be used for equity investments in China in actual practice. SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account ("**SAFE Circular 16**"), effective on 9 June 2016, which reiterates some of the rules set forth in SAFE Circular 19, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. Violations of SAFE Circular 19 and SAFE Circular 16 could result in administrative penalties. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer any foreign currency we hold, including the net proceeds from this Global Offering, to our PRC subsidiaries, which may adversely affect our liquidity and our ability to fund and expand our business in China.

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

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

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

transaction by direct transfer of PRC taxable assets; and the tax situation of such indirect transfer and applicable tax treaties or similar arrangements. On 17 October 2017, the SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source ("**Bulletin 37**"), which came into effect on 1 December 2017. Bulletin 37 further clarifies the practice and procedure of the withholding of non-resident enterprise income tax.

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

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

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

The approval of the CSRC may be required in connection with this Global Offering, and, if required, we cannot predict whether we will be able to obtain such approval.

The M&A Rules require overseas special purpose vehicles that are controlled by PRC companies or individuals and formed for the purpose of seeking a public listing on an overseas stock exchange through acquisitions of PRC domestic companies using shares of such special purpose vehicles or held by its shareholders as consideration to obtain the approval of the China Securities Regulatory Commission (the "**CSRC**"), prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. However, the application of the M&A Rules remains unclear. If CSRC approval is required, it is uncertain whether it would be possible for us to obtain the approval, and any failure to obtain or delay in obtaining CSRC approval for this Global Offering would subject us to sanctions imposed by the CSRC and other PRC regulatory agencies.

Our PRC Legal Adviser has advised us that based on their understanding of the current PRC laws, rules and regulations, unless new laws and regulations are enacted or CSRC publishes new provisions or interpretations on the M&A Rules in the future, the CSRC's approval may not be required for the listing and trading of our Shares on the Stock Exchange in the context of the Global Offering, given that each of the PRC subsidiaries of Harbour BioMed Therapeutics Limited was incorporated as a wholly foreign-owned enterprise by means of direct investment without involving acquisition of equity or assets of any PRC domestic companies by foreign entities as defined under the M&A Rules.

However, our PRC Legal Adviser has further advised us that there remain some uncertainties as to how the M&A Rules will be interpreted or implemented in the context of an overseas offering. We cannot assure you that relevant PRC government agencies, including the CSRC, would reach the same conclusion as we do. If it is determined that CSRC approval is required for this Global Offering, we may face sanctions by the CSRC or other PRC regulatory agencies for failure to seek CSRC approval for this Global Offering. These sanctions may include fines and penalties on our operations in China, limitations on our operating privileges in China, delays in or restrictions on the repatriation of the proceeds from this Global Offering into the PRC, restrictions on or prohibition of the payments or remittance of dividends by our subsidiaries in China, or other actions that could have a material and adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our Shares. The CSRC or other PRC regulatory agencies may also take actions requiring us, or making it advisable for us, to halt this Global Offering before the settlement and delivery of the Shares that we are offering. Consequently, if you engage in market trading or other activities in anticipation of and prior to the settlement and delivery of the Shares we are offering, you would be doing so at the risk that the settlement and delivery may not occur. In addition, if the CSRC or other regulatory agencies later promulgate new rules or explanations requiring that we obtain their approvals for this Global Offering, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver.

Risks Related to the Global Offering

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

No public market currently exists for our Shares. The initial Offer Price for our Shares to the public will be the result of negotiations between our Company and the Joint Global Coordinators (on behalf of the Underwriters), and the Offer Price may differ significantly from the market price of the Shares following the Global Offering. We have applied to the Stock Exchange for the listing of, and permission to deal in, the Shares. A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for our Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the Shares will not decline following the Global Offering.

The price and trading volume of our Shares may be volatile, which could lead to substantial losses to investors.

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

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

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

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

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

You will incur immediate and significant dilution and may experience further dilution if we issue additional Shares or other equity securities in the future, including pursuant to our share incentive schemes.

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

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

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

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

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

Our management may spend the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favorable return to our shareholders. We plan to use the net proceeds from the Global Offering to conduct clinical trials in China and the United States on our most promising drug candidates and to expand our sales and marketing staff in preparation for the approval and commercialization of those drug candidates. For details, see "Future Plans and Use of Proceeds – Use of Proceeds." However, our management will have

discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, whose judgment you must depend on, for the specific uses we will make of the net proceeds from this Global Offering.

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

Our corporate affairs are governed by our Memorandum and Articles and by the Cayman Companies Law and common law of the Cayman Islands. The rights of Shareholders to take legal action against our Directors and us, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes and judicial precedent in existence in the jurisdictions where minority Shareholders may be located. As a result of all of the above, minority Shareholders may have difficulties in protecting their interests under the laws of the Cayman Islands through actions against our management, Directors or Controlling Shareholders, which may provide different remedies to minority Shareholders when compared to the laws of the jurisdiction such shareholders are located in.

Facts, forecasts, data and statistics in this document relating to the biotechnology industry or third parties may not be fully reliable.

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

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

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

You should rely solely upon the information contained in this document, the Global Offering and any formal announcements made by us in Hong Kong in making your investment decision regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to invest in our Global Offering. By applying to purchase our Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this document and the Global Offering.

In preparation for the Listing, we have sought the following waivers from strict compliance with the Listing Rules and exemption from strict compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. We do not have sufficient management presence in Hong Kong for the purposes of Rule 8.12 of the Listing Rules.

Our Group's management headquarters, senior management, business operations and assets are primarily based outside Hong Kong. The Directors consider that the appointment of executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole.

Accordingly, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.12 of the Listing Rules.

We will ensure that there is an effective channel of communication between the Stock Exchange and us by way of the following arrangements:

(a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorised representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorised representatives will be readily contactable by the Stock Exchange by telephone, facsimile and/or e-mail to deal promptly with enquiries from the Stock Exchange. Both of our authorised representatives are authorised to communicate on our behalf with the Stock Exchange. At present, our two authorised representatives are Dr. Jingsong Wang and Dr. Mai-Jing Liao;

(b) pursuant to Rule 3.20 of the Listing Rules, each Director will provide their contact information (including mobile phone numbers, office phone numbers, e-mail addresses and fax numbers) to the Stock Exchange and to the authorised representatives. This will ensure that the Stock Exchange and the authorised representatives should have means for contacting all Directors promptly at all times as and when required;

(c) we will endeavour to ensure that each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period; and

(d) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Guotai Junan Capital Limited as compliance adviser (the "**Compliance Adviser**"), who will act as an additional channel of communication with the Stock Exchange.

EXEMPTION IN RESPECT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Pursuant to section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, a prospectus shall state the matters and set out the reports specified in the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

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

Pursuant to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this document a report by the auditors of our Company with respect to profits and losses and assets and liabilities of the Company in respect of each of the three financial years immediately preceding the issue of this document.

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

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

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

We are required to disclose only our financial results for the two financial years ended 31 December 2018 and 2019 under Chapter 18A of the Listing Rules and the six months ended 30 June 2020.

Accordingly, we have applied to the SFC for a certificate of exemption from strict compliance with section 342(1)(b) of, and paragraphs 27 of Part I and 31 of Part II of the Third Schedule to, the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the following grounds:

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

(b) as of the Latest Practicable Date, our Company had not commercialised any products and therefore did not generate any revenues from product sales;

(c) the Accountants' Report for each of the two financial years ended 31 December 2018 and 2019 and the six months ended 30 June 2020 has been prepared and is set out in Appendix I to this document in compliance with Rule 18A.06 of the Listing Rules;

(d) notwithstanding that the financial results set out in this document are only for the two financial years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, other information required to be disclosed under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance has been adequately disclosed in the document; and

(e) given that our Company is only required to disclose its financial results for each of the two financial years ended 31 December 2018 and 2019 under Chapter 18A of the Listing Rules and preparation of the financial results for the year ended 31 December 2017 would require additional work to be performed by our Company and our auditors, it will be unduly burdensome for our Company to strictly comply with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Our Company is of the view that the Accountants' Report covering the two financial years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, together with other disclosure in this document, already provides potential investors with adequate and reasonably up-to-date information in the circumstances to form a view on the track record of our Company; and our Directors confirm that all information which is necessary to enable an investor to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Company has been included in this document. Therefore, the exemption would not prejudice the interest of the investing public.

The SFC has granted a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with section 342(1)(b) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the condition that particulars of the exemption are set out in this document and that this document will be issued on or before 30 November 2020.

WAIVER FROM PRINTED PROSPECTUSES

Pursuant to Rules 12.04(3), 12.07 and 12.11 of the Listing Rules, we are required to make available copies of this document in printed form.

It is noted that the recent amendments to the Listing Rules relating to environmental, social and governance ("**ESG**") matters, including where the Stock Exchange noted on page 1 of its Consultation Conclusions on Review of the Environmental, Social and Governance Reporting Guide and Related Listing Rules dated December 2019 that such amendments relating to ESG matters "echo the increasing international focus on climate change and its impact on business." Electronic, in lieu of printed prospectuses and printed white and yellow application forms will help mitigate the environmental impact of printing, including the exploitation of precious natural resources such as trees and water, the handling and disposal of hazardous materials, air pollution, among others.

Given the high and extensive use of internet gadgets (e.g. smartphones, tablet devices and computers) and easy access to internet services nowadays, it is noted that almost all applications in Hong Kong public offerings of recent IPOs (both in terms of the number of applications and the number of shares applied) were submitted electronically, instead of in paper format.

It is also noted that in light of the severity of the ongoing COVID-19 pandemic, the provision of printed prospectuses and printed application forms will elevate the risk of contagion of the virus through printed materials. As of the Latest Practicable Date, the government of Hong Kong continues to put in place social distancing measures to restrict public gatherings. While the government of Hong Kong may relax such restrictions as the local COVID-19 situation improves, it is possible that stricter social distancing measures may be necessary later if the number of cases of infection in the territory dramatically increases. In any event, it is impossible to accurately predict the development of the COVID-19 pandemic as of the Latest Practicable Date. In this uncertain environment, an electronic application process with a paperless prospectus will reduce the need for prospective investors to gather in public, including branches of the receiving banks and other designated points of collection, in connection with the Hong Kong Public Offering.

Accordingly, we have applied for, and the Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 12.04(3), Rule 12.07 and Rule 12.11 of the Listing Rules in respect of the availability of copies of this document in printed form.

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

Our Hong Kong Share Registrar has implemented enhanced measures to support the **HK eIPO White Form** service, including increasing its server capacity and making available a telephone hotline to answer investors' queries in connection with the fully electronic application process. Our Hong Kong Share Registrar will also create a step-by-step guide setting out the steps for payment and completion of application for the retail investors as well as FAQs to address potential questions from the retail investors in relation to the Hong Kong Public Offering and the electronic application channels. Both the guide and the FAQs will be available in both English and Chinese and will be displayed in the **IPO App** and on the **HK eIPO White Form** service website. For details of the telephone hotline and the application process, please see "How to Apply for the Hong Kong Public Offer Shares".

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

CORNERSTONE SUBSCRIPTION BY EXISTING SHAREHOLDERS AND THEIR CLOSE ASSOCIATES

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

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

Our Company has applied for a waiver from strict compliance with the requirements under Rule 10.04 of, and a consent under paragraph 5(2) of Appendix 6 to, the Listing Rules, to allow each of HBC Asia Healthcare Opportunities IV LLC, LC Healthcare Fund I, L.P., Octagon Investments Master Fund LP, OrbiMed Partners Master Fund Limited, OrbiMed Genesis Master Fund, L.P., OrbiMed New Horizons Master Fund, L.P. and The Biotech Growth Trust PLC to subscribe for Shares in the Global Offering (the "**Participating Shareholders**"), subscribing as cornerstone investors.

The Stock Exchange has granted the requested waivers and consents subject to the conditions that:

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

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

(C) no preferential treatment has been, nor will be, given to the Participating Shareholders by virtue of their relationship with the Company in any allocation in the placing tranche, other than the preferential treatment of assured entitlement under the cornerstone investment (in respect of Participating Shareholders subscribing as cornerstone investors) which follows the principles set out in the Guidance Letter HKEX-GL51-13, that, the cornerstone investment agreements of the Participating Shareholders do not contain any material terms which are more favorable to them than those in other cornerstone investment agreements; and

(D) details of the subscription of the Offer Shares by the Participating Shareholders in the Global Offering as cornerstone investors will be disclosed in this document and the allotment results announcement of our Company.

For further information about the cornerstone investments of the Participating Shareholders, please refer to the section headed "The Cornerstone Investors" in this document.

DIRECTORS' RESPONSIBILITY STATEMENT

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

UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This document is published solely in connection with the Hong Kong Public Offering which forms part of the Global Offering. The Global Offering comprises the International Offering of initially 124,397,000 Offer Shares and the Hong Kong Public Offering of initially 13,824,000 Offer Shares, each subject to reallocation on the basis as described in the section headed "*Structure and conditions of the Global Offering*" in this document and without taking into account the Over-Allotment Option. For applicants under the Hong Kong Public Offering, this document contains the terms and conditions of the Hong Kong Public Offering.

The Listing is sponsored by the Joint Sponsors. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price to be determined between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date.

The Offer Price is expected to be agreed among the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, 3 December 2020 and, in any event, not later than Sunday, 6 December 2020 (unless otherwise determined between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company). If, for whatever reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on or before Sunday, 6 December 2020, the Global Offering will not become unconditional and will lapse immediately.

The Hong Kong Public Offer Shares are offered solely on the basis of the information contained and representations made in this document and on the terms and subject to the conditions set out herein and therein. No person is authorized in connection with the Global Offering to give any information or to make any representation not contained in this document and any information or representation not contained herein and therein must not be relied upon as having been authorized by our Company, the Joint Sponsors, the Joint Global Coordinators,

the Joint Bookrunners, the Joint Lead Managers, and the Underwriters and any of their respective directors, officers, employees, agents or representatives or advisors or any other persons involved in the Global Offering.

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

Further information regarding the Structure and Conditions of the Global Offering, including its conditions, are set out in the section headed "*Structure and conditions of the Global Offering*", and the procedures for applying for our Shares are set out in the section headed "*How to apply for the Hong Kong Public Offer Shares*".

Further information about the Underwriters and the underwriting arrangements is set out in the section headed "*Underwriting*".

RESTRICTIONS ON SALE OF SHARES

Each person acquiring the Hong Kong Public Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Offer Shares to, confirm that he/she is aware of the restrictions on offers for the Offer Shares described in this document. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this document in any jurisdiction other than Hong Kong. Accordingly, this document may not be used for the purpose of, and does not constitute an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this document and the offer and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Hong Kong Public Offer Shares have not been publicly offered or sold directly or indirectly in the PRC or the United States.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the listing committee of the Stock Exchange for the granting of the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option) and any Shares which may be issued under the Share Schemes. No part of our Shares or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought. All the Offer Shares will be registered on the Hong Kong share register of our Company in order to enable them to be traded on the Stock Exchange.

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

No part of our Shares is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-Allotment Option and stabilization are set out in the section headed "*Structure and conditions of the Global Offering*" in this document.

PROCEDURE FOR APPLICATION OF HONG KONG PUBLIC OFFER SHARES

The procedures for applying for the Hong Kong Public Offer Shares are set out in the section headed "*How to apply for the Hong Kong Public Offer Shares*".

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Particulars of the Structure and Conditions of the Global Offering, including its conditions, are set out in the section headed "*Structure and conditions of the Global Offering*" in this document.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

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

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

COMMENCEMENT OF DEALINGS IN SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on Thursday, 10 December 2020. Shares will be traded in board lots of 1,000 Shares each.

SHARE REGISTRAR AND HONG KONG STAMP DUTY

Our Company's principal register of members will be maintained in the Cayman Islands by our principal share registrar, International Corporation Services Ltd.. All of the Shares issued pursuant to the Global Offering will be registered in the Company's branch register of members to be maintained in Hong Kong by our Hong Kong Share Registrar, Tricor Investor Services Limited.

Dealings in the Shares registered in the register of members maintained in Hong Kong will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice. Unless otherwise determined by our Company, dividends payable in Hong Kong dollars in respect of the Shares will be paid to Shareholders whose names are listed in our register of members in Hong Kong, by ordinary post, at the Shareholders' risk.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of holding and dealing in the Shares. It is emphasized that none of us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our/their respective affiliates, directors, employees, agents or advisors or any other party involved in the Global Offering accepts responsibility for any tax effects or liabilities of holders of the Shares resulting from the subscription, purchase, holding or disposal of the Shares.

LANGUAGE

If there is any inconsistency between this document and the Chinese translation of this document, this document shall prevail unless otherwise stated.

EXCHANGE RATE

Solely for convenience purposes, this document includes translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the Renminbi amounts could actually be converted into another currency at the rates indicated, or at all. Unless otherwise indicated, (i) the translations of U.S. dollars into Renminbi in this document are based on the rate of US$1.0000 : RMB6.5786; (ii) the translations of Hong Kong dollar into Renminbi are based on the rate of HKD1.0000 : RMB0.8485, each being the exchange rate prevailing on 20 November 2020 published by the PBOC for foreign exchange transaction; and (iii) the translation of U.S. dollar into Hong Kong dollars are based on the rate of US$1.0000 : HK$7.7532.

ROUNDING

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

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. Jingsong Wang (王勁松)	Suite 1103, No. 2, Lane 95, Banquan Road Pudong New District, Shanghai, PRC	American
Dr. Mai-Jing Liao (廖邁菁)	Room 902, No. 47, 238 Lane, Huoxiang Road Pudong New District, Shanghai, PRC	American
Dr. Atul Mukund Deshpande	28 Cranmore Lane, Melrose MA 02176, U.S.	Indian
Non-executive Directors		
Mr. Yu Min Qiu (裘育敏)	Room 401, Unit 8, Tower 2 District 1 Donghuashi Fuguiyuan Dongcheng District, Beijing, PRC	Canadian
Mr. Junfeng Wang (王俊峰)	No. 502, Tower 9 Yard 4 Laiguangying West Road Chaoyang District, Beijing, PRC	Chinese
Independent non-executive Directors		
Dr. Robert Irwin Kamen	60 Woodmere Drive Sudbury, MA01776, USA	American
Dr. Xiaoping Ye (葉小平)	Room 201, Building 296, Lane 415 Longdong Avenue, Zhangjiang Town Pudong New District, Shanghai, PRC	Chinese
Ms. Weiwei Chen (陳維維)	Room 2303, Tower 16 Bandao Huayuan 1518 Lane Xikang Road, Putuo District, Shanghai, PRC	American

See "Directors and senior management" for further details.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**Morgan Stanley Asia Limited** 46/F, International Commerce Centre 1 Austin Road West, Kowloon, Hong Kong
	Merrill Lynch Far East Limited 55/F, Cheung Kong Center 2 Queen's Road Central, Central, Hong Kong
	CLSA Capital Markets Limited 18/F, One Pacific Place 88 Queensway, Hong Kong
Joint Global Coordinators	**Morgan Stanley Asia Limited** 46/F, International Commerce Centre 1 Austin Road West, Kowloon, Hong Kong
	Merrill Lynch (Asia Pacific) Limited 55/F, Cheung Kong Center 2 Queen's Road Central, Central, Hong Kong
	CLSA Limited 18/F, One Pacific Place 88 Queensway, Hong Kong
	China International Capital Corporation Hong Kong Securities Limited 29/F One International Finance Centre 1 Harbour View Street, Central, Hong Kong
	Credit Suisse (Hong Kong) Limited Level 88, International Commerce Centre 1 Austin Road West, Kowloon, Hong Kong
Joint Bookrunners	**Morgan Stanley Asia Limited** *(in relation to the Hong Kong Public Offering)* 46/F, International Commerce Centre 1 Austin Road West, Kowloon, Hong Kong
	Morgan Stanley & Co. International plc *(in relation to the International Offering)* 25 Cabot Square, Canary Wharf London, E14 4QA, United Kingdom

Merrill Lynch (Asia Pacific) Limited
55/F, Cheung Kong Center
2 Queen's Road Central, Central, Hong Kong

CLSA Limited
18/F, One Pacific Place
88 Queensway, Hong Kong

China International Capital Corporation Hong Kong Securities Limited
29/F One International Finance Centre
1 Harbour View Street, Central, Hong Kong

Credit Suisse (Hong Kong) Limited
Level 88, International Commerce Centre
1 Austin Road West, Kowloon, Hong Kong

Haitong International Securities Company Limited
22/F Li Po Chun Chambers
189 Des Voeux Road Central, Hong Kong

BOCI Asia Limited
26th Floor, Bank of China Tower
1 Garden Road, Hong Kong

Joint Lead Managers

Morgan Stanley Asia Limited
(in relation to the Hong Kong Public Offering)
46/F, International Commerce Centre
1 Austin Road West, Kowloon, Hong Kong

Morgan Stanley & Co. International plc
(in relation to the International Offering)
25 Cabot Square, Canary Wharf
London, E14 4QA, United Kingdom

Merrill Lynch (Asia Pacific) Limited
55/F, Cheung Kong Center
2 Queen's Road Central, Central, Hong Kong

CLSA Limited
18/F, One Pacific Place
88 Queensway, Hong Kong

	China International Capital Corporation Hong Kong Securities Limited 29/F One International Finance Centre 1 Harbour View Street, Central, Hong Kong
	Credit Suisse (Hong Kong) Limited Level 88, International Commerce Centre 1 Austin Road West, Kowloon, Hong Kong
Legal advisers to our Company	*As to Hong Kong and U.S. laws* **Skadden, Arps, Slate, Meagher & Flom and affiliates** 42/F, Edinburgh Tower, The Landmark 15 Queen's Road Central, Hong Kong
	As to PRC law **Jingtian & Gongcheng** 45/F, K. Wah Center, 1010 Huaihai Road (M) Xuhui District, Shanghai, China
	As to Cayman Islands law **Travers Thorp Alberga** 1205A, The Centrium 60 Wyndham Street, Central, Hong Kong
Legal advisers to the Joint Sponsors and the Underwriters	*As to Hong Kong and U.S. laws* **Clifford Chance** 27/F, Jardine House One Connaught Place, Hong Kong
	As to PRC law **Commerce & Finance Law Offices** 6/F NCI Tower, A12 Jianguomenwai Avenue Chaoyang District, Beijing, China
Reporting accountant and independent auditor	*Certified Public Accountants* **Ernst & Young** 22/F, CITIC Tower 1 Tim Mei Avenue Central, Hong Kong

Industry consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** 1018, Tower B 500 Yunjin Road Shanghai, 200232, China
Receiving bank	**Bank of China (Hong Kong) Limited** 1 Garden Road, Hong Kong

Principal place of business in China	12th Floor, Tower A Fenglin International Plaza Phase II 420 Fenglin Road, Xuhui District Shanghai, China
Principal place of business in Hong Kong	Level 54, Hopewell Centre 183 Queen's Road East, Hong Kong
Registered office in the Cayman Islands	P.O. Box 472, Harbour Place, 2nd Floor 103 South Church Street, George Town Grand Cayman KY1-1106, Cayman Islands
Company website	**www.harbourbiomed.com** *(the information contained on this website does not form part of this document)*
Company secretary	**Mr. Wing Yat Christopher Lui** (*ACS, ACIS*) Level 54, Hopewell Centre 183 Queen's Road East, Hong Kong
Authorised representatives	**Dr. Jingsong Wang** Suite 1103, No. 2, Lane 95, Banquan Road Pudong New District, Shanghai, China **Dr. Mai-Jing Liao** Room 902, No. 47, 238 Lane, Huoxiang Road Pudong New District, Shanghai, China
Audit committee	Ms. Weiwei Chen *(Chairperson)* Mr. Yu Min Qiu Dr. Xiaoping Ye
Remuneration committee	Dr. Xiaoping Ye *(Chairperson)* Dr. Jingsong Wang Ms. Weiwei Chen
Nomination committee	Dr. Jingsong Wang *(Chairperson)* Dr. Robert Irwin Kamen Dr. Xiaoping Ye
Principal share registrar and transfer office	**International Corporation Services Ltd.** P.O. Box 472, Harbour Place, 2nd Floor 103 South Church Street, George Town Grand Cayman KY1-1106, Cayman Islands

Hong Kong Share Registrar	**Tricor Investor Services Limited** Level 54, Hopewell Centre 183 Queen's Road East, Hong Kong
Compliance adviser	**Guotai Junan Capital Limited** 27/F. Low Block, Grand Millennium Plaza 181 Queen's Road Central, Hong Kong
Principal banks	**China Merchants Bank** Shenzhen Branch 23/F, No. 2016 Shennan Boulevard Futian District, Shenzhen, China

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

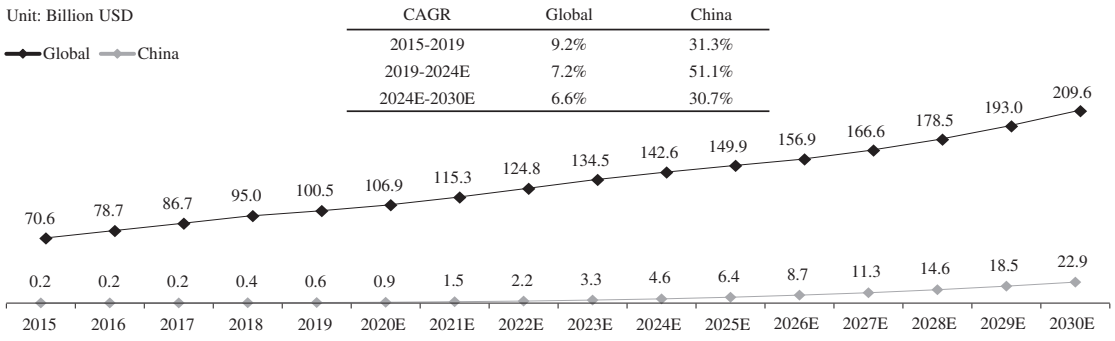
OVERVIEW OF THE BIOLOGICS MARKET FOR IMMUNO-ONCOLOGY AND IMMUNOLOGY THERAPIES

Biologic drugs are currently the top-selling pharmaceutical products in the world. Among the ten top-selling drugs in 2019, seven are biologics. The total sales revenue of these seven biologics was US$66.1 billion, accounting for 71.7% of the aggregated sales revenue of the ten top-selling drugs in 2019.

Biologics have been widely used in immuno-oncology and immunological therapies. Approximately 45.2% of the biologics sold in 2019 globally targeted the conditions in immuno-oncology and immunological diseases, according to the Frost & Sullivan Report. In China, the demand for efficacious drugs in these therapeutic areas is also rising amid the limited availability and delayed access to global innovative drugs.

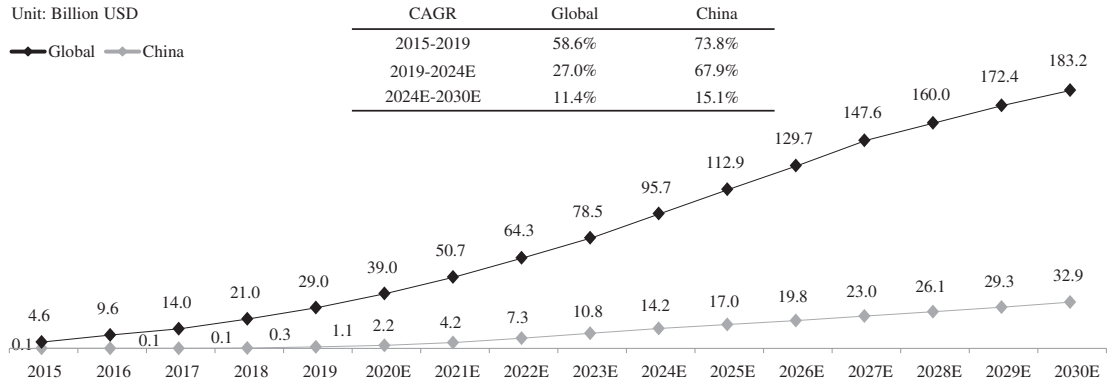
The figures below illustrate the historical and forecasted market sizes of immunological diseases treatments and immuno-oncology therapies globally and in China.

Historical and Forecasted Market Size of Global and China Biologics for Immunological Diseases Treatment, 2015-2030E



Source: Frost & Sullivan Report

Historical and Forecasted Market Size of Global and China for Immuno-Oncology Therapies Market, 2015-2030E



Source: Frost & Sullivan Report

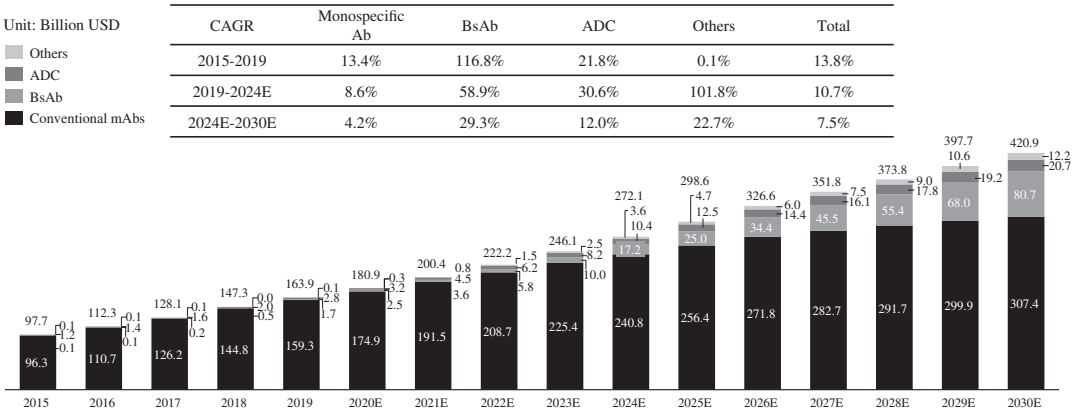
Antibodies are the largest segment and the main growth drivers of the global biologics market, which cover a wide range of biologic products other than antibodies, including recombinant therapeutic proteins, vaccines, blood and blood components, in vitro immunological reagents, cytokines and etc. In comparison, antibody-based biologics account for less than 10% of China's biologics market in 2019, but are growing at a CAGR almost double in the global biologics market during the same period.

OVERVIEW OF THERAPEUTIC ANTIBODY MARKET

Antibody is a large, Y-shaped protein primarily produced by plasma B-cells in response to pathogens, such as pathogenic bacteria or viruses. In the past decade, antibody engineering has evolved dramatically. As a result, therapeutic monoclonal antibodies or mAbs, in particular monospecific and bispecific antibodies, have become the predominant treatment modality for various diseases in recent years, and also among the best-selling drugs in the global pharmaceutical market.

In 2019, the global therapeutic antibody market was valued at approximately US$163.9 billion. China's therapeutic antibody market, in comparison, was valued at approximately US$4.2 billion in the same year, but it has been developing rapidly between 2015 and 2019 at a CAGR of 32.4%. The historical market was composed of monospecific antibodies until the first ADC drug was approved in January 2020, and monospecific antibody is also the largest category. In the next 10 years, with more antibody drugs included in NRDL and increasing biosimilar availability as well as innovative antibodies launched in China, China's therapeutic antibody market will continue growing to US$25.3 billion in 2024, showing a CAGR of 43.4% from 2019 to 2024, and the market size will further increase to US$75.1 billion in 2030. The diagrams below summarize the market sizes and growth of the global and China's therapeutic antibody market from 2015 to 2019 and the estimated market sizes and growth from 2020 to 2030.

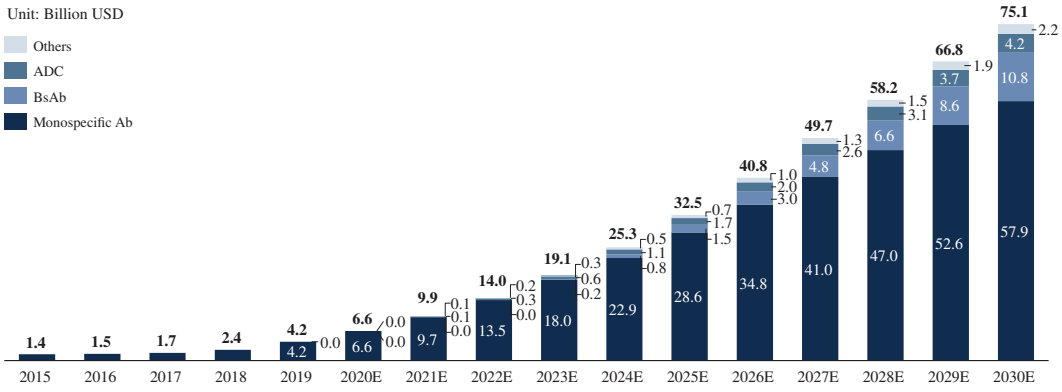
Historical and Forecasted Global Therapeutic Antibody Market Size, 2015-2030E



CAGR	Monospecific Ab	BsAb	ADC	Others	Total
2015-2019	13.4%	116.8%	21.8%	0.1%	13.8%
2019-2024E	8.6%	58.9%	30.6%	101.8%	10.7%
2024E-2030E	4.2%	29.3%	12.0%	22.7%	7.5%

Source: Frost & Sullivan Report

Historical and Forecasted Market Size of Therapeutic Antibody Market in China, 2015-2030E



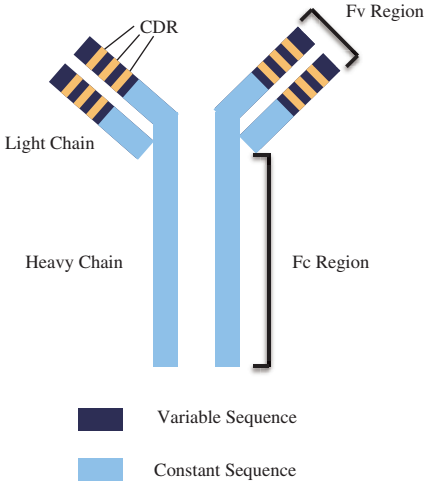
Note: Therapeutic antibody market is mainly based on monospecific Abs sales after 2015, and as more ADC drugs and bispecific antibodies are coming into the market, their market share will increase gradually.

Source: Frost & Sullivan Report

Therapeutic antibodies are used for disease treatment of a variety of therapeutic areas such as oncology, immunology, neurology and ophthalmology, of which cancer and auto-immune diseases are the two largest therapeutic areas, accounting for approximately 38.5% and 27.9% of the total approved therapeutic antibodies globally by the end of 2019.

OVERVIEW OF THERAPEUTIC MONOCLONAL ANTIBODY

The most common type of antibody used for therapeutic and biomedical product development is the IgG class of immunoglobulins. IgG is a heterotetrametric protein comprising two identical heavy and light chains, assembled by disulfide bonds, and in the form of a Y-shaped molecule, as depicted in the following graphic:

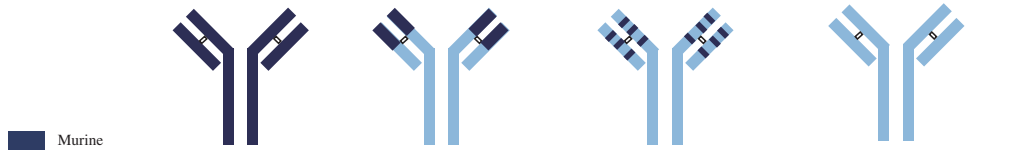


Source: Frost & Sullivan Report

Each chain has two regions: the constant region (C) and the variable region (V). The variable domains of the light chain and the heavy chain, or the VL and VH regions of the antibody, bind antigens, while the tail is responsible for biological activity, such as cytotoxic activity or binding to Fc receptors of cells.

Antibody production was primarily dependent on animal immunization until the late 1980s by using experimental mice and other related laboratory animals. Nonetheless, murine antibodies are foreign proteins to the human immune system and can elicit immunogenic responses to impact safety and pharmacokinetic properties of the therapeutic antibodies. A variety of humanization techniques for replacing major portions of murine antibody sequences with ones of human origin have since been developed. Chimeric antibodies, which replace the murine constant regions with those from human antibodies, and humanized antibodies, which transplant the murine CDR regions to a homologous human β-sheet framework, are the best know humanization of murine antibodies. However, neither completely eliminates immunogenicity and may in certain cases result in severe reduction in antigen-binding affinity. Fully human monoclonal antibodies derived from transgenic mice is the current state of the art for reducing the immunogenicity risk of antibody drugs.

Fully human antibodies are the latest in a string of attempts to engineer therapeutic antibodies that mimic natural human immunity, despite being laboratory-derived. The diagram below illustrates the key characteristics of each of the four stages.



	Murine antibody	**Human-mouse chimeric antibody**	**Humanized antibody**	**Fully human antibody**
Suffix of generic name	**-momab**	**-ximab**	**-zumab**	**-mumab**
Technology platform	Hybridoma technique	Constant domain Replacing	CDR/SDR technique	Phage display library, transgenic animal
Year of first approval	1986	1994	1997	2002
Representative drug	Muromonab-CD3	Rituximab	Pembrolizumab	Adalimumab
Humanized percentage	0%	60-70%	90-95%	100%
Immuno-genicity	High	Lower than murine antibody	Low	Almost to none
Safety	Low	Higher than murine antibody	Medium high	High

Source: Frost & Sullivan Report

As illustrated in the table below, among the ten top-selling antibodies globally in 2019, there are three fully human antibodies and three humanized antibodies. The total sales revenue of these three fully human antibodies was US$33.9 billion, accounting for 40.4% of the aggregated sales revenue of the ten top-selling antibody drugs in 2019. In contrast, among the ten top-selling antibodies in China in 2019, there is only one fully human antibody.

Ten top-selling antibodies globally, 2019

No.	Brand Name	INN	Target	Antibody Type	Major Indications	Originator	Sales Revenue (Billion USD)
1	Humira	Adalimumab	TNF-α	Fully Human	RA, PS, AS, PsA	AbbVie/Eisai	19.7
2	Keytruda	Pembrolizumab	PD-1	Humanized	Melanoma, NSCLC, HNSCC	MSD	11.1
3	Opdivo	Nivolumab	PD-1	Fully Human	Melanoma, NSCLC	BMS/ONO	7.8
4	Eylea	Aflibercept	VEGF-A	Fusion Protein	Neovascular (Wet) Age-Related Macular Degeneration	Regeneron/ Bayer/Santen	7.5
5	Avastin	Bevacizumab	VEGF-A	Humanized	Metastatic Colorectal Cancer, NSCLC	Roche	7.1
6	Enbrel	Etanercept	TNF-α	Fusion Protein	RA, PS, AS	Pfizer/Amgen/ Takada	6.9
7	Mabthera/ Rituxan	Rituximab	CD20	Chimeric	NHL, CLL, Rheumatoid Arthritis	Roche	6.5
8	Stelara	Ustekinumab	IL-12/IL-23	Fully Human	Psoriasis, PsA, Crohn's Disease	J&J	6.4
9	Herceptin	Trastuzumab	HER-2	Humanized	HER-2 Breast Cancer/GC	Roche	6.1
10	Remicade	Infliximab	TNF-α	Chimeric	Crohn's Disease, Rheumatoid Arthritis	J&J/ Merck/ Mitsubishi	4.8

Source: Frost & Sullivan Report

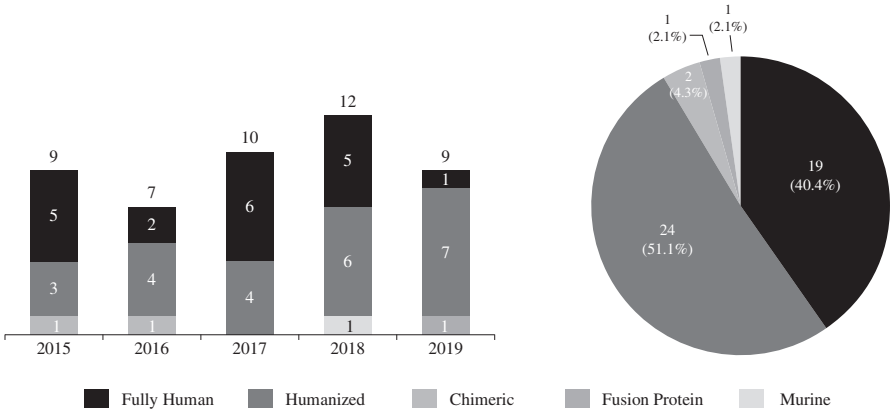
Ten top-selling antibodies in China, 2019

No.	Brand Name	INN	Target	Antibody Type	Major Indications	Originator	Sales Revenue (Billion RMB)
1	Herceptin	Trastuzumab	HER-2	Humanized	HER-2 Breast Cancer/ GC	Roche	6.6
2	Avastin	Bevacizumab	VEGF-A	Humanized	Metastatic Colorectal Cancer, NSCLC	Roche	4.0
3	Mabthera/ Rituxan	Rituximab	CD20	Chimeric	NHL, CLL, Rheumatoid Arthritis	Roche	3.2
4	Keytruda	Pembrolizumab	PD-1	Humanized	Melanoma, NSCLC	MSD	2.2
5	Yisaipu	Etanercept	TNF-α	Fusion Protein	Rheumatoid Arthritis, PsA, AS	3S Bio	1.1
6	Langmu	Conbercept	VEGF-A	Fusion Protein	wAMD	Kanghong	1.1
7	Lucentis	Ranibizumab	VEGF-A	Humanized	wAMD	Novartis	1.1
8	Opdivo	Nivolumab	PD-1	Fully Human	NSCLC	BMS	1.1
9	Daboshu	Sintilimab	PD-1	Humanized	r/r cHL	Innovent	1.0
10	Airuika	Camrelizumab	PD-1	Humanized	r/r cHL	Hengrui	1.0

Source: Frost & Sullivan Report

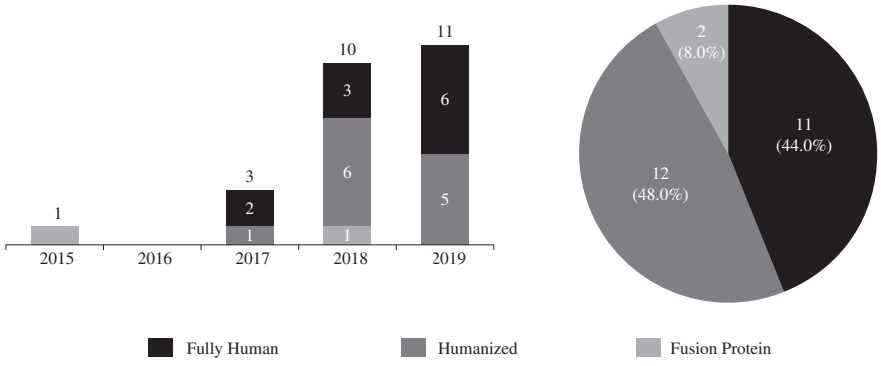
In addition, among 47 antibodies approved by the FDA from 2015 to 2019, there are 19 fully human antibodies, accounting for 40.4% of the total antibodies approved. In China, we have seen a significant increase in the number of approved fully human antibodies approved by the NMPA from 2015 to 2019, as illustrated below.

FDA Approved Antibody, 2015-2019



Source: Frost & Sullivan Report

NMPA Approved Antibody, 2015-2019

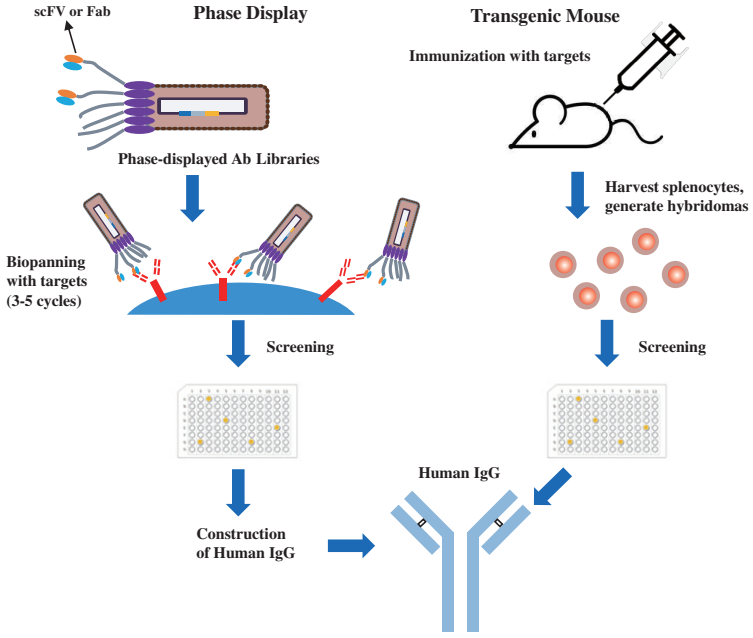


Source: Frost & Sullivan Report

OVERVIEW OF TECHNOLOGY PLATFORMS FOR GENERATING FULLY HUMAN ANTIBODIES

Overview of Fully Human Antibody Discovery Platforms

There are primarily two platform technologies to generate fully human antibodies: transgenic mice technology and phage display library technology. The transgenic mice technology harnesses the power of the mammalian immune system by immunizing a mouse with a target of interest. Mice are genetically modified such that human immunoglobulin (Ig) genes are inserted into the genome to replace the endogenous Ig genes, enabling the mice to synthesize fully human antibodies upon immunization. The phage display library technology incorporates diverse exogenous genes into filamentous bacteriophages to compose a library. The library proteins are then presented on the phage surface as fusions with a phage major coat protein, allowing selection of specific binders and affinity characteristics. The figure below illustrates how fully human antibodies are generated through these two technologies.



Source: Frost & Sullivan Report

Notably, although phage and yeast display has been developed to mimic the immune system, this method usually rely on collections of antibodies from unimmunized donors and as a result generally yield antibodies with relatively low affinity and druggability. Improving these antibodies through affinity maturation (i.e., mutation and selection) is often a lengthy process and is not always successful.

By the end of 2019, the FDA had approved 32 fully human antibody drugs and 23 of them are discovered by transgenic mice technology platforms, indicating better druggability and diversity of fully human antibodies generated by transgenic mice. There are two generations of transgenic mice platform. The first generation of transgenic mice leverages human Fc regions,

and thus lacks native B-cell signaling as compared to murine B-cell receptors, therefore are often "hypo-responders" to certain antigens or immunizations. Notably, Medarex's UltiMAb Human Antibody Development System®, a validated first generation transgenic mice technology platform that produces high affinity, fully human antibodies for use in a broad range of therapeutic areas, including immunology and oncology, was a significant portion of the Medarex assets sold to Bristol-Myers Squibb in an acquisition of US$2.4 billion in 2009. This validated technology platform has produced compounds which have been developed into highly successful drugs, including Opdivo® (nivolumab), Yervoy® (ipilimumab) and Stelara® (ustekinumab). These drugs generated a global sales revenue of US$7.8 billion, US$1.5 billion and US$6.4 billion in 2019, respectively. The transgenic mice used on our H2L2 Platform and HCAb Platform are the second generation, whereby the rodent constant region genes are retained in the mice. The second generation is able to stimulate a stronger immune response to foreign antigens, producing antibodies with higher maturity and affinity and demonstrating wider applications and larger potential market than the first generation.

The table below summarizes the global major second generation transgenic mice platforms.

Platform[1]	Owner	Features	Representative Drugs
VelocImmune Mouse	Regeneron	Improve Ig maturation in B cells	Praluent(Alirocumab) Dupixent(Dupilumab)
OmniAb ((OmniRat; OmniFlic; OmniMouse))	Ligand Pharmaceuticals	Improve Ig maturation in B cells; OminFlic can produce common light chains antibody	GLS-010
Harbour Mice (H2L2&HCAb)	Harbour BioMed	Improve Ig maturation in B cells; can produce HCAb	HBM4003
Kymouse	Kymab	Improve Ig maturation in B cells; can produce common light chains antibody	KY1044
Trianni Mouse	Trianni	Improve Ig maturation in B cells	NA[2]
AlivaMab Mouse	Ablexis	Improve Ig maturation in B cells	NA[2]
MeMo mouse	Merus	Improve Ig maturation in B cells; can produce common light chains antibody	MCLA-128

Notes:

1. The first generation transgenic mice platforms are excluded, such as UltiMAb, XenoMouse and KM Mouse.

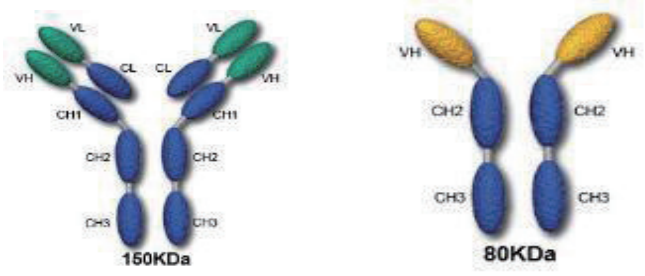
2. Although there are no representative drugs, there are certain reported collaborations with pharmaceutical companies.

Source: Frost & Sullivan Report

Overview of Heavy Chain Only Antibody Discovery Platforms

Overview of Heavy Chain Only Antibodies

Unlike conventional IgG antibody with two identical heavy chains and two identical light chains (H2L2), the heavy-chain antibody (HCAb) is a new class of antibodies, which consist only of two heavy chains and lacks the two light chains, with molecular weight half-size of conventional IgG antibody. In common antibodies, the antigen binding region consists of the variable domains of the heavy and light chains (VH and VL). Heavy-chain antibodies can bind antigens despite having a single variable domain and two constant domains (CH2 and CH3). Heavy-chain antibody exists in cartilaginous fishes, such as shark, and camelids, such as camels, llamas and alpacas.



Source: Frost & Sullivan Report

HCAb possesses unique properties that enable it to have improved characteristics over a conventional therapeutic antibody. For example, HCAb can be easily transformed into the smallest antigen-binding protein – a VH-only single-domain antibody with small molecular weight (13-15 kDa) and relatively smaller antigen binding interface. These properties make single-domain antibodies easier to transform into bacterial cells for bulk production to reduce manufacturing cost and capable of binding to narrow or buried sites on the antigen that are inaccessible to conventional IgG antibodies. HCAb generally has desirable expression yields and biophysical properties, such as solubility, non-aggregation and thermal stability and has binding affinity of comparable range to conventional antibodies. These properties allow for use either as simplified alternatives to conventional antibodies or as components of more complex antibody products.

Most notably, HCAb provides the opportunities of generating versatile formats to adapt with different applications and MOAs, targeting challenging epitopes, compatibility with regular antibody for bispecifics, and flexibility to be designed as asymmetric or symmetric formats to facilitate downstream separation or avoid chain mispairing. Thus, it could lead to the discovery and development of the next generation of antibody therapeutics to better address unmet patients' needs.

Competitive Landscape of Heavy Chain Only Antibody Platforms

There are three validated fully human heavy chain only antibody platforms globally as summarized in the table below.

Harbour BioMed's HCAb mice platform may represent several transgenic mice strains by introducing different sets of human VH genes into mouse Cμ knockout background, and in the research paper published on Front Immunol (2016) 7:619, it utilized a strain termed as "4HVH" to make HCAb antibodies against influenza hemagglutinin.

Teneobio's UniRat platform has two separate transgenic rat strains expressing different parts of functional human VH gene repertoire on the triple Ig knockout background where the native rat IgH, Igκ, and Igλ loci were inactivated, and additionally, the J4 gene sequence encodes a framework mutation used.

Crescendo Biologics' HumaBody is generated from its proprietary transgenic mice termed as "Crescendo Mouse", which express 10 human VH genes with triple knockout background.

From the public information, the major differences between these platforms are different human VH genes introduced as well as different genetic backgrounds of transgenic animals.

Harbour BioMed is in a multi-year HCAb technology licensing agreement with a top global pharma for antibody discovery. Teneobio collaborates with AbbVie, GSK, Janssen, Poseida, Kite/Gilead and Intellia on multi-specific antibodies and cell therapies. Crescendo Biologics' major collaborators include Takeda, Zai Lab, Astellas and Cancer Research UK as well as some academic institutions.

Platform	Company	Features	Antibody type	Antibody resource	Representative Drugs	Collaboration
HCAb	Harbour BioMed	• No need for additional engineering or humanization • Minimizes the problem of light chain mispairing and heterodimerization	HCAb and MultispecificAbs	Transgenic mice	HBM4003	Undisclosed due to confidentiality obligation in related licensing agreement
UniRat/ UniAb/ UniDAbs	Teneobio	• Combined with next-generation sequencing (NGS) and bioinformatics	HCAb and MultispecificAbs	Transgenic rat	TNB-383B	AbbVie, GSK, Janssen, Poseida, Kite/Gilead and Intellia, etc.
HumaBody[1]	Crescendo Biologics	• Triple Knock Out (TKO) mouse with all three endogenous antibody loci functionally silenced	HCAb and fully human VH domains	Transgenic mice	CB307	Takeda, ZaiLab, Astellas and Cancer Research UK, etc.

Note:

1. Crescendo licenses Harbour BioMed's technology, which is limited to its in-house discovery purposes.

Source: Frost & Sullivan Report

OVERVIEW OF BISPECIFIC ANTIBODY

Overview of Bispecific Antibody Structures and Mechanism of Action

Bispecific antibodies (bsAbs) are emerging as a new class of promising therapeutic antibodies. The market potential generated by bsAbs, such as Roche's Hemlibra and Amgen's Blincyto, in the short span after their commercialization has attracted significant interests among key players in the global pharmaceutical industry. Conventional antibodies are monospecific (i.e., they bind to antigens of only one species). Antibody engineering technologies allow new antibody-derived modalities with specificity to two or more different antigens to be created, which enables a continuously growing number of mechanisms of action (MOAs) that are not accessible by conventional monospecific antibodies.

There are more than 100 bsAb formats from published data. They can generally be classified into three major categories by architecture: fragment-based formats, symmetric formats and asymmetric formats. Amgen's Blincyto represents one of the fragment-based formats, which combine two antigen-binding moieties in Fab or scFv form without Fc portion. This class has relatively simple architectures, however, the drawbacks such as short plasma half-life and less stability bring challenges to the development. Trion Pharma's Removab and Roche's Hemlibra represent the typical asymmetric formats, which intend to retain the native architecture of natural antibodies as closely as possible to preserve IgG-like properties. However, this class has to tackle chain-association issues of both cognate H:L chain pairing and dimeric heavy chains, which requires extensive engineering and complicated purification process. In contrast, the symmetric formats can circumvent chain-association issue, but they may not be applicable for some mechanisms of action (MOAs), specifically CD3-targeted immune cell engaging bsAb.

As of March 2019, the commercial clinical pipelines included over 85 bsAbs and more than 80% of them were evaluated in oncology. The MOAs of those bsAbs were categorized into several classes, including bridging cells, bridging receptors, piggybacking and co-factor mimetic. BsAbs that bridge cells as their obligate MOA represent the largest group, such as bispecific effector cell engagers that target cytotoxic T cells or natural killer (NK) cells for tumor cell killing.

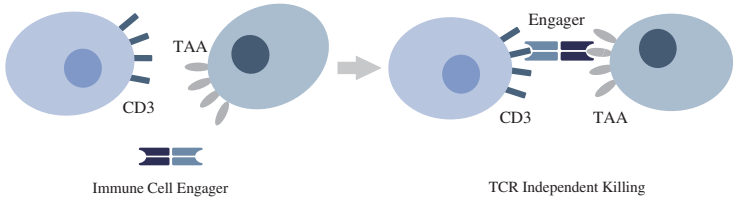
The structural diversity of bsAbs provides a number of advantages to potentially improve efficacy. Notably for oncology treatment, the dual specificity of bsAbs creates additional therapeutic options for treating diseases that do not respond sufficiently to monotherapy of first-line drugs or treating patients who develop resistance after initial treatment with these therapies. In other cases, bsAbs are engineered to target the tumour microenvironment (TME) and reduce adverse effects possibly brought by systemic immunomodulation, which may lead to better therapeutic window.

Overview of Immune Cell Engagers

Immune cell engagers represent the largest group of bispecific antibodies with MOAs through bridging cells. They are primarily designed to establish a bridge between immune cells and cancer cells and trigger a signal cascade that leads to the destruction of cancer cells. Currently, the majority of immune cell engagers under clinical development are T cell engaging bispecific antibodies, which recognize both specific tumor-associated antigens (TAA) on tumor cells and CD3 or co-stimulatory molecules on T-cells. Notably, one of the two approved bsAbs is T-cell engager.

On one hand, CD3-targeting T-cell engagers can activate T-cells and supply the primary TCR signal without MHC/TCR complex formation. On the other hand, T-cells in TME are often in a sub-optimal condition absent of the co-stimulatory signals. Supplementation of immune cell engagers targeting the co-stimulatory molecules results in TAA-mediated clustering of co-stimulatory molecules and subsequent activation of the downstream pathway, providing a co-stimulatory signal for full activation of T-cells, which leads to effective tumor eradication as well as improved safety profile.

MOA of Immune Cell Engager



Source: Frost & Sullivan Report

Overview of HCAb-based Bispecific Antibodies

As there is no natural form of bispecific antibodies, a proper molecule structure that links the proposed MOAs with clinical applications, presents the biggest challenges in bispecific antibody development and requires extensive protein engineering experience and a deep understanding of biotechnology. Commercially generating bispecific antibodies may also have manufacturing problems due to their non-natural format, such as product instability, low expression level, and complex purification process.

In addition, in conventional bivalent IgG antibodies, the two antigen-binding sites are identical and composed of determinants from both heavy (H) and light (L) chain variable domains. Therefore, one major challenge in bispecific antibody development was obtaining the functional bsAb composed of two different H and two different L chains from the mixture of ten possible combinations of heavy and light chains, which is commonly referred to as the chain-association issue. Over the past decades, numerous strategies and techniques have been

developed to either circumvent or address the issue, with the particular objective of increasing the homogeneity and yield of the desired end-product, and consequently generate various bispecific antibody formats with subtle structural features or functional properties.

HCAb and its derived single-domain moieties provide the opportunities to make multi-specific and multi-valent antibodies in simplified structures with relatively smaller molecule size and fewer number of polypeptide chains. A few publications have reported the case studies of utilizing camelid HCAb derived single-domain antigen binding moieties to make bispecific antibodies. However, non-humanized antibody derived products always raise the concerns on immunogenicity in therapeutic applications. Fully human HCAb has advantages over camelid HCAb with good flexibility and less immunogenicity.

According to the Frost & Sullivan Report, we are the only company that leverages the differentiated properties of fully human HCAbs to generate HCAb-based immune cell engagers in China.

Key Trends of Antibody Technology Development

According to the Frost & Sullivan Report, the antibody technology development is driven by the following key factors:

- *Continuing Optimization of Property*. Constant efforts to streamline and optimize the processes of antibody discovery will facilitate development of highly optimized antibodies with the desired functional properties, including higher antigen-binding activity, longer half-life, higher stability and express better efficacy.

- *Innovation in Format and Functionality*. The ability to provide access to a diverse array of bi-and multi-specific antibody formats, including heavy-chain-only bispecifics, will enable these first-movers to rapidly test a broad range of solutions and increase the chance of finding an optimal format that meets key performance specifications.

- *Expanding Therapeutical Potential*. With the emergence of novel targets, the development of antibody therapeutics drugs increasingly focuses on indications with no coverage and novel mechanisms of action, especially targets associated with rare diseases or those with sizeable patients or growing incidence rates.

OVERVIEW OF BIOLOGIC DRUGS MARKET FOR AUTOIMMUNE DISEASES

Overview of IgG-mediated Autoimmune Diseases

Autoimmune diseases are conditions where an immune response is inappropriately directed against the body's own healthy cells and tissues. Approximately one-third of the autoimmune diseases are associated with high levels of pathogenic IgG antibodies, which are the most abundant type of antibody produced by the human immune system, accounting for

approximately 75% of antibodies in the plasma of healthy people. IgG antibodies are important in the defense against pathogens, such as viruses and bacteria. In many autoimmune diseases, IgG antibodies inappropriately develop against normal proteins found in the body, directing the immune system to attack specific organs or organ systems. However, the existing approved drugs for autoimmune diseases have no significant effect on IgG-mediated autoimmune diseases. Current treatment regimens for IgG-mediated autoimmune diseases include corticosteroids and immunosuppressants in early stage disease, followed by more expensive and invasive treatments, such as intravenous immunoglobulin ("IVIg"), and plasma exchange, as the disease progresses. Such treatments are often limited by delayed onset of action, waning therapeutic benefit over time and unfavorable safety profiles.

The neonatal fragment crystallizable receptor (FcRn) is a cellular receptor found in human placenta that can bind IgG antibodies and guide their transport through cells. FcRn inhibitors are designed to disrupt the IgG-FcRn interaction and block the recycling of IgG antibodies, resulting in the clearance of disease-causing IgG autoantibodies from human body. According to the Frost & Sullivan Report, completed clinical trials of anti-FcRn antibodies have produced positive proof-of-concept activity in multiple IgG-mediated autoimmune diseases, and these data supports FcRn as a viable pharmacologic targeting the potential to address multiple IgG-mediated autoimmune diseases.

Our batoclimab is the only FcRn inhibitor under development in Greater China for IgG-mediated autoimmune diseases. According to the Frost & Sullivan Report, China's IgG-mediated autoimmune disease biologics drug market is expected to continue its robust growth in the future due to more breakthrough treatments (including batoclimab) expected to become available over the next few years. We are granted an exclusive license to develop batoclimab in Greater China only. We carefully selected ITP, GO, MG and NMOSD as our initial focus, among which MG and NMOSD are rare diseases and ITP and GO are not rare diseases. We selected MG and ITP because there were inadequate treatment options for both MG and ITP, which are chronic and heterogeneous diseases that are likely to relapse and/or become refractory to the current available standard of care. We selected GO and NMOSD because there is no treatment being approved for either GO or NMOSD in China. In addition, taking advantage of China's newly amended rare disease policy, we plan to apply for the "breakthrough designation" for batoclimab in both NMOSD and MG in the first half of 2021 to seek an accelerated development pathway and priority review by the NMPA. To maximize the potential and value of batoclimab, we plan to gradually expand our clinical development efforts into additional indications (some of which might be rare diseases) that have clear biologic rationale with significant unmet medical needs, and/or no known in-class competitors in clinical development in Greater China.

In early stages of these diseases, ITP, MG, GO, NMOSD, WAIHA and CIDP may not appear debilitating and are generally chronic, relapsing diseases that require life-time treatment. In light of this, some patients in China may choose to tolerate the discomforts or choose other cheaper but less effective treatment options. According to the Frost & Sullivan Report, treatment for such diseases could be highly price sensitive, which may in turn result in slow and limited market penetration. However, lack of adequate and efficacious treatment

may lead to continuous and accelerated disease worsening, and in severe cases, they could be life threatening. For example, in severe cases, MG patients can experience myasthenic crisis, in which respiratory function is weakened to the point where it becomes life-threatening, requiring immediate intubation and mechanical ventilation. Our goal is to offer efficacious and tolerable treatments as early as possible to stop or slow down the progression of these diseases.

Overview of Immune Thrombocytopenia (ITP) Drug Market

Overview of ITP and Treatment Options

ITP is a bleeding disease caused by an autoimmune reaction in which a patient develops auto-antibodies that attack and destroy their own platelets. Platelets are blood cells that help blood to clot, or their own platelet-forming cells. Primary ITP, which develops for no known reason, is differentiated from secondary immune thrombocytopenia, which is associated with other illnesses, such as infections or autoimmune diseases, or which occurs after transfusion or taking other drugs, such as anti-cancer drugs. Platelet deficiency, or thrombocytopenia, can cause bleeding in tissues, bruising and slow blood clotting after injury or, for serious cases, life-threatening bleeding, such as intracerebral hemorrhage. With prolonged life expectancy, ITP is frequent in elderly people.

Current treatment for ITP is focused on either reducing the autoimmune activities to allow platelets to recover on their own, or directly stimulating platelet production with specific growth factors. Patients with less severe ITP are treated with glucocorticoids and immunosuppressants, which are usually associated with significant side effects, such as osteoporosis (fragile bones), hypertension (high blood pressure), diabetes, and weight gain. For severe ITP, splenectomy is sometimes used as treatment, but its use is rapidly declining. The use of thrombopoietin receptor agonists (TPO-RAs), which stimulates the production and differentiation of platelets, is increasing. The most used TPO-RAs include romiplostim (Nplate®), which is a fusion protein analog of thrombopoietin, or eltrombopag (Promacta® or Revolade®), which is a small molecule TpoR agonist of the receptor. The major issue with these treatments is that patients should always be on therapy with dosing titrated based on the platelet account.

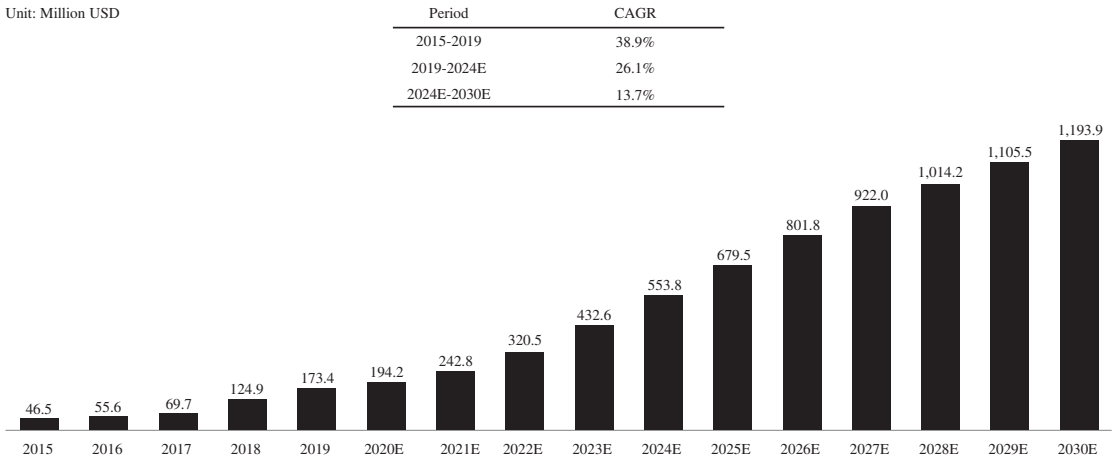
For intravenous immunoglobulin ("IVIg"), it introduces high levels of exogenously added IgG antibodies to the blood stream, or, to a lesser extent, plasmapheresis. IVIg can raise the platelet count within days in most patients, but the effect is usually transient. Although majority of the adverse events caused by IVIg are mild and transient, there have been reported cases of migraines, hemolytic anemia, and transfusion-related acute lung injury. Both IVIg and plasmapheresis when used to treat ITP carry a high cost burden on patients and the healthcare system.

Unmet Medical Need and Market Opportunities in China

We believe there remains a significant unmet medical need in China for ITP drugs. From 2015 to 2019, the prevalence of ITP in adults increased from 195.8 thousand to 203.9 thousand. With the aging population in China, the prevalence of ITP in China is estimated to reach 213.7 thousand by 2024. By 2030, it is anticipated to reach 224.2 thousand. The first-line therapy for ITP in China is corticosteroids, with an initial response rate between 50% and 90% but a durable response rate of only 10% to 30% for patients under maintenance treatments.

Currently, there are only two marketed ITP drugs in the China market, i.e., Novartis's Revolade® and 3SBio's Recombinant Human Thrombopoietin Injection. According to the Frost & Sullivan Report, the market size of the ITP drug market in China increased from US$46.5 million in 2015 to US$173.4 million in 2019 in term of the sales revenue, representing a CAGR of 38.9%. In November 2019, Novartis's Revolade® and 3SBio's Recombinant Human Thrombopoietin Injection were included in the latest NRDL. With increasing awareness and diagnosis and treatment capabilities, the diagnosis rate of ITP patients is anticipated to increase from 34% in 2019 to approximately 45% in 2030 and the treatment rate of ITP patients is anticipated to increase from 58% in 2019 to approximately 65% in 2030, resulting in a higher growth of the ITP drug market. Based on these factors and with more novel ITP therapies (such as FcRn inhibitors, TPO-R agonists and Syk inhibitors) expected to be launched in China, it is estimated that the market size of the ITP drug market in China will reach US$553.8 million in 2024 at a CAGR of 26.1% from 2019 to 2024, and further reach US$1,193.9 million in 2030 at a CAGR of 13.7% from 2024 to 2030, according to the Frost & Sullivan Report. The diagram below summarizes the market size of China's ITP drug market from 2015 to 2019 and the estimated market size of China's ITP drug market from 2020 to 2030.

Historical and Forecasted Market Size of ITP Drug in China, 2015-2030E



Note: Historical market size of ITP drugs is mainly based on the sales of TPO and TPO-R agonist drugs. Market forecast assumes an accelerated growth from 2019 to 2023 with more innovative therapeutics, such as FcRn inhibitors, coming into the market.

Source: Frost & Sullivan Report

Competitive Landscape of ITP Drugs in China

There are two drugs approved and seven drug candidates in clinical development in China for ITP treatment. Both 特比澳® and Revolade® are approved as a second-line therapy for ITP and each has generated a revenue of US$336.2 million and US$9.9 million in China in 2019, respectively.

The table below sets forth the information of the foregoing approved ITP drugs and ITP drug candidates in clinical development in China:

Marketed ITP Drugs in China

Drug	Brand name	Company	Line of Treatment	Target	NRDL Status	Price/RMB	Approval Date
Recombinant Human Thrombopoietin Injection	特比澳	3SBio	Second	TPO	2019 NRDL	1,008/1ml	2015/8
Eltrombopag Olamine	Revolade	Novartis	Second	TPO-R agonist	2019 NRDL	5,968/28 tablets	2017/12

ITP Pipelines in China

Drug	Company	Phase	Target	First Disclosure Date
Romiplostim	Kyowa Hakko	NDA	TPO-R agonist	2020/4
Hetrombopag Olamine	Jiangsu HengRui	NDA	TPO-R agonist	2020/6
Eltrombopag Olamine	Aosaikang	NDA	TPO-R agonist	2020/6
Eltrombopag Olamine	Chiatai Tianqing	NDA	TPO-R agonist	2020/7
QL0911	Qilu	Phase III	TPO-R agonist	2019/8
Batoclimab (HBM9161)	Harbour BioMed	Phase II/III	FcRn	2020/6
HMPL-523	Hutchison	Phase Ib	Syk	2019/4

Note: Only innovative drugs are listed, and vaccine and cell therapy are excluded.

Source: Frost & Sullivan Report

Overview of Graves Ophthalmopathy (GO) Drug Market

Overview of GO and Treatment Options

GO is an inflammatory disorder of the orbit that occurs in association with autoimmune thyroid disease and affects the muscles and other tissues around the eyes. Initial symptoms may include a dry and gritty ocular sensation, sensitivity to light, excessive tearing, double vision and a sensation of pressure behind the eyes. By the time that GO is clinically diagnosed, many patients have retraction of their upper eyelids, swelling and redness surrounding the eyes and protrusion of the eyes. In some cases, swelling and stiffness of the muscles that move the eyes cause the eyes to no longer line up with each other or for the eyelids to no longer be able to close. Approximately one-third of GO patients have a moderate to severe manifestation of the disease, with intense pain, inflammation and sight-threatening corneal ulcers or optic neuropathy that requires surgical intervention. Immunosuppressive therapy such as high-doses of intravenous corticosteroids, is usually recommended for moderate-to-severe active GO patients, but they may not effectively reverse the severity and about one-third of the treated patients will relapse. Approximately 30% patients do not respond favorably to corticosteroids

and they are usually offered other immunosuppressant medications such as cyclosporine or mycophenolate mofetil, or in certain cases, rituximab. These drugs are associated with side effects related to inherent toxicity and infusion induced reactions.

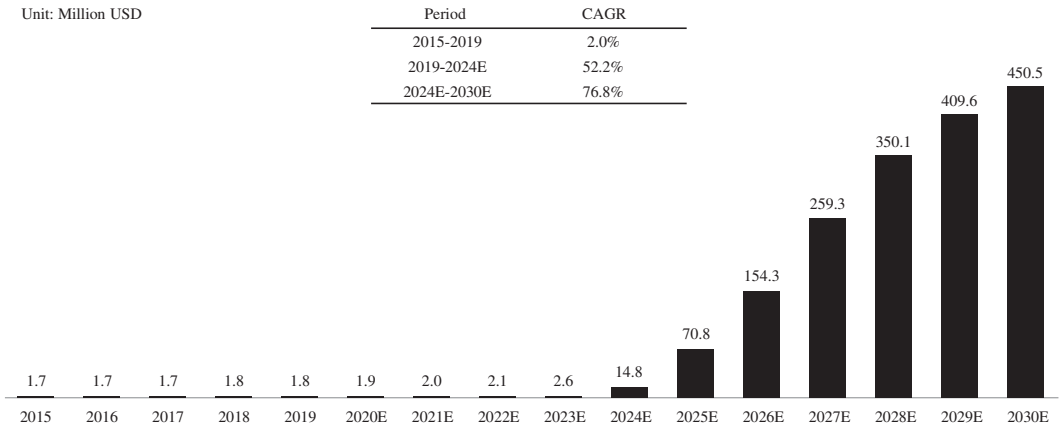
Treatment of patients with immunosuppressive therapies during active inflammatory phase can lead to reduction in symptoms and can alter the course of the disease. However, once the initial inflammatory phase is over, immunosuppressive therapies are ineffective and levels of fibrosis that have developed as the result of acute inflammation are only reversible by surgery. Surgery of eyelid or eye muscle or orbital decompression surgery are among the other treatment options to patients with a high Clinical Activity Score ("**CAS**"), who have been treated with immunosuppressive therapy but continue to have progressive disease.

Unmet Medical Need and Market Opportunities in China

From 2015 to 2019, the incidence of GO in adults increased from 107.9 thousand to 117.3 thousand. The incidence of GO in China is estimated to reach 127.9 thousand by 2024. By 2030, it is anticipated to reach 139.4 thousand. As aforementioned, treatment of Graves' ophthalmopathy remains to be a challenge. Therefore, there is a clearly unmet medical need to search for improved treatment modalities for GO.

According to the Frost & Sullivan Report, for the majority of GO patients in China, immunosuppressive therapies, such as glucocorticoids, is the main treatment option. The GO drug market in China had a limited market size with a slow growth due to low treatment cost and unsatisfactory treatment effect of immunosuppressive therapies. The market size of the GO drug market in China increased slightly from US$1.7 million in 2015 to US$1.8 million in 2019, representing a CAGR of 2.0%. According to the Frost & Sullivan Report, with the deepening cognition of GO diseases, the diagnosis rate and treatment rate are expected to be further improved, which will greatly release the demand for drugs and promote the rapid growth of the market. With more novel GO therapies, such as FcRn inhibitors, expected to be launched in China, it is estimated that the market size of the GO drug market in China will reach US$14.8 million in 2024 with a CAGR of 52.2% from 2019 to 2024, and further reach US$450.5 million in 2030 with a CAGR of 76.8% from 2024 to 2030. The diagram below summarizes the market size of China's GO drug market from 2015 to 2019 and the estimated market size of China's GO drug market from 2020 to 2030.

Historical and Forecasted Market Size of GO Drug in China, 2015-2030E



Note: Historical market size of GO drugs is mainly based on the sales of immunosuppressants, such as glucocorticoids. Forecast numbers assume market evolution from 2019 to 2023 and a major sales take-off in 2024 with the commercial launch of innovative therapeutics such as FcRn inhibitors.

Source: Frost & Sullivan Report

Competitive Landscape of GO Drugs in China

Batoclimab, if approved, likely will not only be used in moderate-to-severe active GO patients or patients refractory to immunosuppressants but also may compete with corticosteroid and immunosuppressant therapies. These traditional therapies have not been approved in China for GO indication and have significant side effects and can adversely affect patients' quality of life. There is currently no approved biologics treatment or biologic drug candidates in clinical development for GO in China.

Overview of Myasthenia Gravis (MG) Drug Market

Overview of MG and Treatment Options

MG is an autoimmune disorder associated with muscle weakness and fatigue. MG patients develop antibodies that lead to an immunological attack on critical signaling receptor proteins at the junction between nerve and muscle cells, thereby inhibiting the ability of nerves to communicate properly with muscles. This leads to muscle weakness intensified by activity, which can be localized exclusively to the ocular muscles or which can be more generalized throughout the body including muscles of respiration and become life-threatening.

Very early stage MG is symptomatically treated with acetylcholinesterase inhibitors such as pyridostigmine, which block the breakdown of acetylcholine (Ach), thereby increasing its concentration in the neuromuscular junction. As the disease progresses, patients are typically treated with immunomodulatory agents such as glucocorticoids, mycophenolate mofetil and cyclosporine, each of which is associated with significant side effects and can lead to disease exacerbation. Thymectomy may be indicated for treatment in patients with evidence of a thymoma and can be considered for treatment in some patients who do not have thymoma.

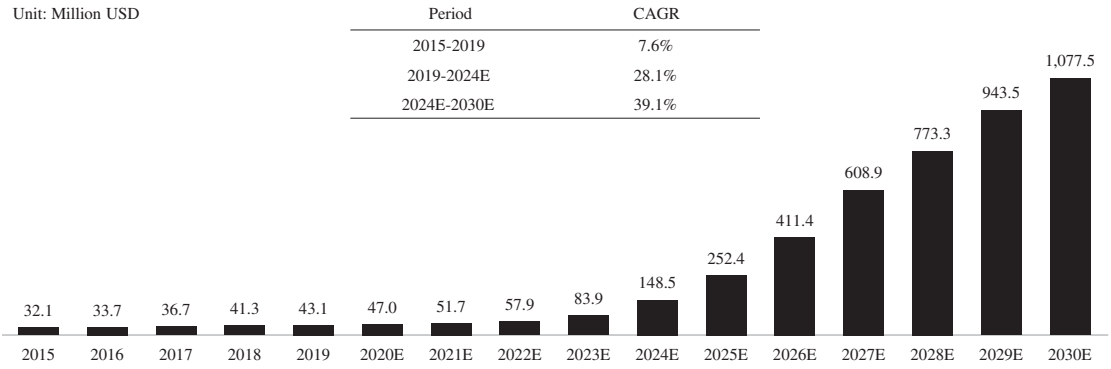
As MG becomes more advanced, patients can be treated with IVIg, which modulate the immune system and reduce the effects of causative autoantibodies in MG. Although IVIg can significantly reduce certain MG symptoms, the large volumes of intravenous fluid associated with the administration of IVIg can lead to significant side effects, including pulmonary edema and renal complications. Another treatment option for patients with more advanced MG is plasmapheresis, a blood plasma exchange process that reduce levels of circulating IgG antibodies. Plasmapheresis can be a life-saving tool in the treatment of MG; however, it is expensive, time-consuming, and can be associated with side effects such as low blood pressure, infection, and blood clots.

Unmet Medical Need and Market Opportunities in China

There is no approved biologics treatment for MG in China. Researchers have been looking for treatment that can more effectively manage the symptoms of MG. MG has an estimated annual incidence of 29.4 thousand in China. From 2015 to 2019, the prevalence of MG in adults increased from 157.1 thousand to 165.6 thousand. The prevalence of MG in China is estimated to reach 175.9 thousand by 2024. By 2030, it is anticipated to reach 185.7 thousand.

The current MG treatment options in China are only traditional drugs with limited clinical efficacy and relatively lower price, such as pyridostigmine, therefore the historical market size of MG drugs in China was limited and grew slightly. The MG drug market in China increased from US$32.1 million in 2015 to US$43.1 million in 2019, representing a CAGR of 7.6%. However, the unsatisfactory clinical benefits of those MG drugs provide room for new innovative drugs. On one hand, by the end of August 2020, there were two innovative MG drug candidates in the clinical stage in China. Also, several favorable policies for rare disease drugs released by the NMPA recently make it possible for overseas MG drugs or pipelines to be approved by accelerated approval pathway in China. Based on the clinical evidence, Frost & Sullivan projects that those innovative drugs will launch into the market around 2023, and are likely to be included in NRDL or provided with PAP programs due to the significant unmet medical needs for MG patients in China. On the other hand, with the improvement of overall healthcare system capability in China, as well as the innovative drugs to be launched, the diagnosis and treatment rate of MG will increase gradually, which will result in expansion of the patient pool. All these factors will result in a major sales takeoff from 2023, and a continued high growth from 2024 onwards. It is estimated that the market size of the MG drug market in China will reach US$148.5 million in 2024 at a CAGR of 28.1% from 2019 to 2024, and further reach US$1,077.5 million in 2030 at a CAGR of 39.1% from 2024 to 2030. The diagram below summarizes the market size of China's MG drug market from 2015 to 2019 and the estimated market size of China's MG drug market from 2020 to 2030.

Historical and Forecasted Market Size of MG Drug in China (2015-2030E)



Note: Historical market size of MG drugs only takes into account the existing market of conventional therapies. Forecast numbers assume market evolution from 2019 to 2022, resulting in a major sales takeoff in 2023 with innovative therapeutics coming into the market, and a continued high growth from 2024 onwards.

Source: Frost & Sullivan Report

Competitive Landscape of MG Drugs in China

The existing therapies, such as corticosteroids, immunosuppressants and IVIg, have significant side effects and can adversely affect patients' quality of life or trigger disease exacerbation. There is currently no approved biologics treatment for MG in China. Other than batoclimab (HBM9161), there is only one biologics drug candidate for MG in clinical development in China.

MG Pipelines[1]

Drug	Company	Phase	Target	First Disclosure Date
Batoclimab (HBM9161)	Harbour BioMed	Phase II	FcRn	2020/06
RC-18	RemeGen	Phase II	BLyS, APRIL	2020/03

Note:

1. Only innovative drugs are listed, and vaccine and cell therapy are excluded.

Source: Frost & Sullivan Report

Overview of Neuromyelitis Optical Spectrum Disorder (NMOSD) Drug Market

Overview of NMOSD and Treatment Options

NMOSD is a rare, severe, relapsing, neuroinflammatory autoimmune disease that attacks the optic nerve, spinal cord and brain stem, and often leads to irreversible blindness and paralysis. Approximately 80% of the NMOSD patient population are AQP4+ cases, in which

a person's own immune system attacks the astrocytes of the optic nerve, spinal cord and brain stem. Loss of vision, paralysis, loss of sensation, bladder and bowel dysfunction, nerve pain and respiratory failure can all be manifestations of the disease. Each NMOSD attack leads to further damage and disability.

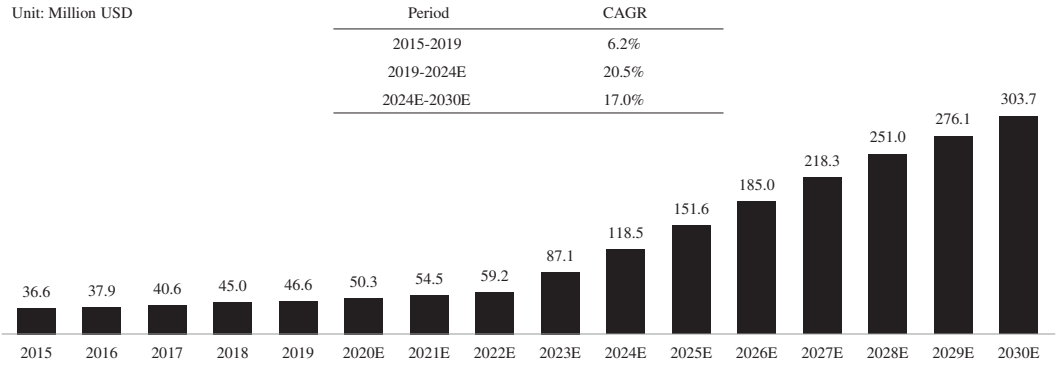
There currently is no cure for NMOSD, but symptoms can be treated. Patients are treated with immunosuppressants, steroids and, in some cases, off-label use of rituximab, in an effort to prevent NMOSD attacks. Patients experiencing an attack are treated with steroids, intravenous immunoglobulin, or IVIG, and plasmapheresis. However, these treatments have limited evidence of efficiency and are known to cause adverse events that may lead to treatment discontinuation. In June 2019, SOLIRIS® (eculizumab) from Alexion Pharmaceuticals received FDA approval for the maintenance treatment of NMOSD in adult patients who are anti-aquaporin-4 (AQP4) antibody positive, to prolong the time of the first relapse.

Unmet Medical Need and Market Opportunities in China

There is no approved treatment for NMOSD in China. NMOSD has an estimated annual incidence of 40 thousand in China, with 60% patient relapse in one year. From 2015 to 2019, the prevalence of NMOSD in adults increased from 37.2 thousand to 39.2 thousand. The incidences of NMOSD in China are estimated to reach 41.6 thousand by 2024. By 2030, it is anticipated to reach 43.8 thousand.

Similar to the MG treatment status quo, the current NMOSD treatment options in China are also only limited to traditional drugs, such as immunosuppressants and steroids, and the clinical efficacy is unsatisfactory and price is also relatively low. As a result, the historical market size of NMOSD drugs in China was limited and grew slightly, which increased from US$36.6 million in 2015 to US$46.6 million in 2019, representing a CAGR of 6.2%. However, the unsatisfactory clinical benefits of those NMOSD drugs provide room for new innovative drugs. By the end of August 2020, there was one NMOSD drug candidate in BLA stage and four NMOSD drug candidates in clinical stage in China. Also, there are also several innovative NMOSD pipelines under development overseas. Based on the clinical evidence, Frost & Sullivan projects that those innovative drugs will launch into the market around 2023, and are likely to be included in NRDL or provided with PAP programs due to the significant unmet medical needs for NMOSD patients in China. Secondly, with the deepening cognition of NMOSD diseases, the continuous updates of clinical guidelines, as well as the innovative drugs to be launched, the diagnosis and treatment rate of NMOSD will increase gradually, which will result in expansion of the patient pool. These factors will result in a major sales takeoff from 2023, and a continued high growth from 2024 onwards. It is estimated that the market size of the NMOSD drug market in China will reach US$118.5 million in 2024 at a CAGR of 20.5% from 2019 to 2024, and further reach US$303.7 million in 2030 at a CAGR of 17.0% from 2024 to 2030. The diagram below summarizes the market size of China's NMOSD drug market from 2015 to 2019 and the estimated market size of China's NMOSD drug market from 2020 to 2030.

Historical and Forecasted Market Size of NMOSD Drug in China (2015-2030E)



Note: Historical market size of NMOSD drugs only takes into account the existing market of conventional therapies. Forecast numbers assume market evolution from 2019 to 2022, resulting in a major sales takeoff in 2023 with innovative therapeutics coming into the market, and a growing market acceptance.

Source: Frost & Sullivan Report

Competitive Landscape of NMOSD Drugs in China

Besides batoclimab (HBM9161), there are four NMOSD drug candidates in clinical development in China (all of which are maintenance treatments). The table below sets forth the information of the foregoing NMOSD drug candidates in clinical development in China:

NMOSD Pipelines[1]

Drug	Company	Phase	Target	First Disclosure Date
Satralizumab	Roche	BLA	IL-6	2020/5
RC18	RemeGen	Phase III	BLyS & APRIL	2017/10
ACT001	Accendatech	Phase I/IIa	PAI-1	2019/8
BAT4406F	Bio-Thera Solutions	Phase I	CD20	2019/10
Batoclimab (HBM9161)	Harbour BioMed	Phase I	FcRn	2019/11

Note:

1. Only innovative drugs are listed, and vaccine and cell therapy are excluded.

Source: Frost & Sullivan Report

Batoclimab has the potential to address other IgG-mediated autoimmune diseases of high unmet needs in Greater China. We plan to target additional indications, such as warm autoimmune hemolytic anemia (WAIHA) and chronic inflammatory demyelinating polyneuropathy (CIDP). Set forth below is a summary of status of WAIHA and CIDP in China.

WAIHA

WAIHA is a rare hematologic disease in which autoantibodies mediate hemolysis, or the destruction of red blood cells. The clinical presentation is variable and most commonly includes symptoms of anemia, such as fatigue, weakness, skin paleness and shortness of breath. In severe cases, hemoglobin levels are unable to meet the body's oxygen demand, which can lead to heart attacks, heart failure and even death. High doses of corticosteroids (>1 mg/kg of prednisone) are typically the first-line treatment option for WAIHA and lead to initial disease control in approximately 70-85% of cases. Once initial disease control is achieved, doses of steroids are tapered. However, only a small portion of patients maintain sustained disease control once steroids are discontinued and, as a result, the majority of patients will require either long-term steroid treatment or additional therapies. We believe that there remains a significant unmet medical need and high demand for new treatments with efficacy for patients suffering from WAIHA in China. There is no approved biologics treatment for WAIHA in China. From 2015 to 2019, the prevalence of WAIHA in adults increased from 133.5 thousand to 140.7 thousand. The prevalence of WAIHA in China is estimated to reach 149.8 thousand by 2024 and 159.1 thousand by 2030.

CIDP

CIDP is a chronic autoimmune disorder of peripheral nerves and nerve roots caused by an autoimmune-mediated destruction of the myelin sheath, or myelin producing cells, insulating the axon of the nerves and enabling speed of signal transduction. The cause of CIDP is unknown, but abnormalities in both cellular and humoral immunity have been shown. CIDP is a chronic and progressive disease: onset and progression occur over at least eight weeks in contrast with the more acute Guillain-Barré-syndrome. Demyelination and axonal damage in CIDP lead to loss of sensory and/or motor neuron function, which can lead to weakness, sensory loss, imbalance and/or pain. Most CIDP patients require treatment and IVIg, which is the preferred first-line therapy. IVIg treatment for CIDP requires IV dosing of up to 2 g/kg per day of IVIg and is associated with many of the adverse events seen with IVIg treatment of other autoimmune diseases, such as MG. Both IVIg and plasmapheresis, when used to treat CIDP, carry a high cost burden on the healthcare system, as they do when used to treat MG or ITP. We believe that there remains a significant unmet medical need and high demand for new treatments with efficacy for patients suffering from CIDP in China. There is no approved treatment for CIDP in China. From 2015 to 2019, the prevalence of CIDP in adults increased from 76.9 thousand to 81.0 thousand. Due to an aging population and deteriorating environmental pollution, the prevalence of CIDP in China is estimated to reach 86.2 thousand by 2024 and 91.6 thousand by 2030.

OVERVIEW OF DRY EYE DISEASE DRUG MARKET

Overview of Dry Eye Disease and Treatment Options

Dry eye disease (DED) is one of the most common problems associated with patients at ophthalmology clinics. It is a chronic, episodic, multifactorial disease affecting the tears and ocular surface that can result in tear film instability, inflammation, discomfort, visual disturbance and ocular surface damage. Patients with severe dry eye and underlying inflammatory systemic conditions may develop complications such as ocular surface keratinization, corneal scarring, or microbial or sterile corneal ulceration with possible perforation, and severe visual loss.

While the precise cause of DED is not fully understood, human studies demonstrate alterations of the normal cytokine balance on the ocular surface by T helper (Th) cytokines, which causes ocular surface epithelial pathology. Increased levels of pro-inflammatory cytokines, such as TNF-α, have been detected in the tear fluid and conjunctival epithelium of patients with dry eye. TNF-α is considered a major pro-inflammatory cytokine, involved in cellular transport and activation, pathogen resistance, and regulation of immune/inflammatory responses. Over a decade of clinical experience with anti-TNF antibodies has clearly demonstrated that the antibodies are very effective in rheumatoid arthritis and other autoimmune and immune-mediated disorders. Several kinds of fragmented antibodies or antagonistic receptors (such as tanfanercept (HBM9036)) have been developed especially for the treatment of local inflammatory diseases. Compared with whole IgG form of antibodies, antagonistic receptors and fragmented antibodies, with smaller molecular size, can be more effectively distributed into target tissues. Globally, patients with mild DED are primarily treated with a variety of over-the-counter eye drops, often referred to as "artificial tears", and patients with moderate to severe DED are treated with anti-inflammatory and immune-modulating drugs, such as Restasis®, Xiidra® and Cequa®. Unfortunately, currently available treatment options for DED all have tolerability and compliance issues. Moreover, data reported from clinical trials show that it may take three to six months for the prevalent DED treatment options to demonstrate any significant effect in clinical signs.

DED is generally a chronic, relapsing disease that requires life-time treatment. In the early stage of this disease, DED may not appear debilitating. In light of this, patients in China may choose to tolerate the discomforts or choose other cheaper but less effective treatment options. According to the Frost & Sullivan Report, treatment for DED could be highly price sensitive, which may in turn result in slow and limited market penetration. However, lack of no adequate and efficacious treatment may lead to continuous and accelerated disease worsening, and in severe cases, they could be sight or life threatening.

Unmet Medical Need in China

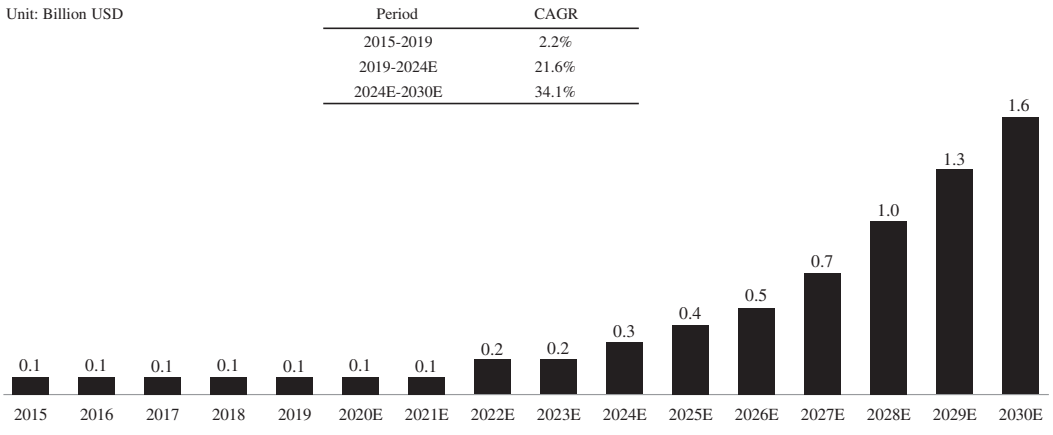
DED is highly prevalent, currently affecting more than 190.4 million adults in China, accounting for 16.8% of China's adult population in 2019. In addition, the prevalence of moderate and severe DED is 77.1 million in 2019 and is expected to grow due to an aging population, deteriorating environmental pollution, increase in autoimmune diseases, contact lens wear and digital screen time. It is expected that the prevalence of moderate-to-severe DED in China will increase to 85.7 million in 2024 and further to 93.7 million in 2030.

In addition, there is only one anti-inflammatory approved drug in China for moderate to severe DED. The most commonly used treatments for dry eye disease in China are over-the-counter eye drops, often referred to as "artificial tears." Artificial tears are intended to supplement insufficient tear production, but do not treat the underlying inflammation in dry eye disease.

Size and Trends of DED Drugs Market in China

China's moderate-to-severe DED drug market remained stable in terms of sales revenue from 2015 to 2019, given the limited treatment options. With launch of innovative immunomodulatory DED drugs, increasing patient awareness and diagnosis and treatment rates, China's moderate-to-severe DED drug market is expected to grow from US$0.3 billion in 2024 to US$1.6 billion in 2030, at a CAGR of 34.1%, as illustrated below.

Historical and Forecasted Market Size of Moderate and Severe Dry Eye Disease Market in China, 2015-2030E



Note: Historical market size of DED drugs only takes into account the existing market of conventional therapies. Forecast numbers assume market evolution from 2019 to 2021, resulting in a major sales takeoff in 2022 with innovative therapeutics coming into the market, and a continued high growth from 2022 onwards with widening market acceptance.

Source: Frost & Sullivan Report

Competitive Landscape of DED Drugs in China

Limitations in current DED treatment options create significant market opportunity for innovative DED drugs, in particular for patients suffering from moderate to severe DED. In China, there is only one anti-inflammatory drug (a cyclosporine eye drop) approved in China for the treatment of moderate to severe DED. Besides tanfanercept, there is one anti-inflammatory DED drug candidate in clinical development in China. The table below sets forth the information of the foregoing approved DED drug and DED candidates in clinical development in China:

Marketed Anti-inflammatory Drugs for Dry Eye Disease Treatment in China

Drug	Brand name	Company	Target	Approval Date
Cyclosporine eye drops	兹潤	Shenyang Sinqi	Calcineurin	2020/6

Anti-inflammatory Pipelines for Dry Eye Disease Treatment in China

Drug	Company	Phase	Target	First Disclosure Date
Tanfanercept (HBM9036)	Harbour BioMed	Phase III	TNF-α	2020/8
Cyclosporine A Gel	Zhaoke Guangzhou	Phase III	Calcineurin	2020/6

Note: Only anti-inflammatory drugs are listed.

Source: Frost & Sullivan Report

The table below sets forth the information of the foregoing approved DED drug and DED candidates in clinical development in the overseas:

Marketed Anti-inflammatory Drugs for Dry Eye Disease Treatment

Drug	Brand name	Company	Target	Approval Date
Cyclosporine Ophthalmic Solution	Cequa	Sun Pharma Global	Calcineurin	2018/8 (FDA)
Lifitegrast	Xiidra	Novartis	LFA-1	2016/7 (FDA)
Ciclosporin	Ikervis	Santen	Calcineurin	2015/3 (EMA)
Cyclosporine Ophthalmic Emulsion	Restasis	Allergan	Calcineurin	2003/10 (FDA)

Anti-inflammatory Pipelines for Dry Eye Disease Treatment

Drug	Company	Phase	Target	First Disclosure Date
KPI-121	Kala Pharmaceuticals	NDA	Corticosteroids	2020/5
CsA Ophthalmic Gel	Zhaoke Guangzhou	Phase III	Calcineurin	2020/9
CyclASol	Novaliq	Phase III	Calcineurin	2020/8
HU-007	Huons	Phase III	Calcineurin	2020/5
RGN-259	ReGenTree	Phase III	Tβ4	2019/5
Reproxalap	Aldeyra	Phase III	Malondialdehyde & 4-Hydroxynonenal	2019/3
HL036	HanAll BioPharma	Phase III	TNF-α	2019/2
TOP1630	Topivert	Phase III	Nonsystemic Kinase	2019/2
OCU310	Ocugen	Phase III	Alpha Adrenergic Receptor Agonist & Glucocorticoid Receptor Agonists	2019/1
VOS	Aurinia Pharmaceuticals	Phase II&III	Calcineurin Enzyme	2019/11

Note: Only anti-inflammatory drugs are listed and only pipelines after phase II are listed.

Source: Clinical trial.gov, Frost & Sullivan analysis

OVERVIEW OF THE ONCOLOGY DRUG MARKET

Overview of Global Oncology Drug Market

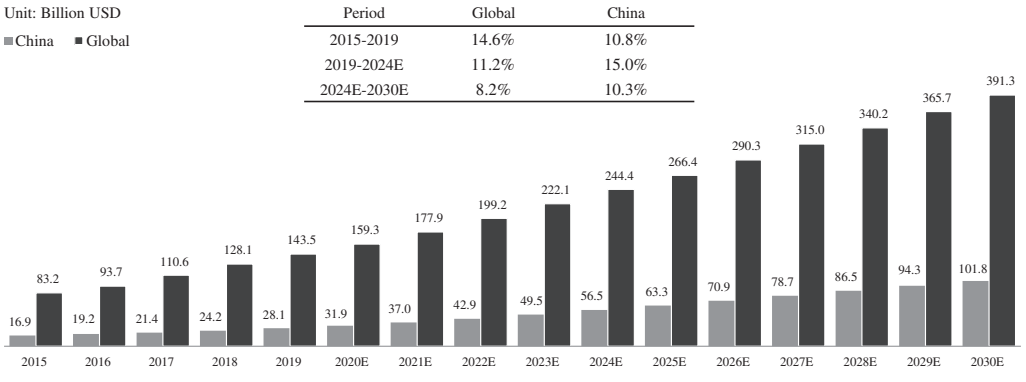
The global oncology drug market grew from US$83.2 billion in 2015 to US$143.5 billion in 2019, representing a CAGR of 14.6%. The market is expected to further grow to US$244.4 billion in 2024 at a CAGR of 11.2% from 2019, and to US$391.3 billion in 2030 at a CAGR of 8.2% from 2024. The global oncology market accounted for 7.5% and 10.8% of the global pharmaceutical market in 2015 and 2019, respectively. It is expected to grow at a higher rate than the overall pharmaceutical market and will account for 18.8% of the global pharmaceutical market in 2030. Such growth will be primarily driven by scientific advancements, new therapy launches, an increasingly aging population and growing incidence of cancer.

Overview of the Global Oncology Drug Market

Historical and Estimated Market Size of China's Oncology Drug Market

China's oncology drug market has grown rapidly in recent years. Revenue of the oncology drugs in China grew from US$17.5 billion in 2015 to US$26.4 billion in 2019, representing a CAGR of 10.8%. It is expected to further grow to US$53.1 billion in 2024 at a CAGR of 15.0% from 2019, and further to US$95.8 billion in 2030 at a CAGR of 10.3% from 2024, as shown in the diagram below. Revenue of the global oncology drugs grew from US$83.2 billion in 2015 to US$143.5 billion in 2019, representing a CAGR of 14.6%. Revenue of the global oncology drugs is expected to further grow to US$244.4 billion in 2024 at a CAGR of 11.2% from 2019, and further to US$391.3 billion in 2030 at a CAGR of 8.2% from 2024.

Historical and Forecasted Market Size of China and Global Oncology Drug Market, 2015-2030E



Note: Historical RMB/USD exchange rates are defined by the end of each year. Future currency exchange rates are defined by 2019 rate.

Source: Frost & Sullivan Report

While the majority of the top ten oncology drugs globally in 2019 are either molecularly targeted drugs or immuno-oncology drugs, four out of the top ten oncology drugs in China are chemotherapy drugs and only six are molecularly targeted drugs. This difference between the global market and the China market suggests significant potential for molecularly targeted drug and immuno-oncology drug market growth in China. Three drugs among the top ten oncology drugs globally, including pembrolizumab, nivolumab and palbociclib, were approved in China in 2019, indicating China is at its early stage of its paradigm shift to molecularly targeted drugs and immuno-oncology drugs.

Epidemiology by Cancer Type Globally and in China, the United States and Europe

The diagram below summarizes the top ten cancer types by incidence globally and in China, the United States and Europe. Among all types of cancers, (i) lung cancer, breast cancer, colorectal cancer, skin cancer and prostate cancer are the top five cancer types globally by incidence rate, (ii) lung cancer, stomach cancer, colorectum cancer, liver cancer and breast cancer are the top five cancer types in China by incidence rate, (iii) breast cancer, lung cancer, prostate cancer, colorectal cancer and skin cancer are the top five cancer types in the United States by incidence rate, and (iv) breast cancer, lung cancer, prostate cancer, colon cancer and bladder cancer are the top five cancer types in Europe by incidence rate. In China, the incidence of lung cancer is expected to grow at a higher CAGR than the others. Such higher CAGR for lung cancer is attributed to the growing smoking population and air pollution. The top three cancers in Europe and the United States are consistent—breast cancer, lung cancer and prostate cancer.

Top 10 Cancers by Incidence in China, the U.S., Europe and Globally

Unit: Thousand

Global Top 10

Cancer Type	2019	2030E
Lung	2,152.8	2,892.4
Breast	2,133.7	2,634.5
Colorectal	1,898.5	2,468.1
Skin	1,364.2	1,868.7
Prostate	1,315.5	1,815.9
Stomach	1,061.4	1,412.2
Liver	862.2	1,118.4
Lymphoma	602.6	763.3
Esophagus	587.7	776.8
Cervix uteri	580.4	691.1

China Top 10

Cancer Type	2019	2030E
Lung	895.3	1,225.5
Stomach	455.8	613.8
Colorectum	440.0	598.8
Liver	410.4	526.0
Breast	326.2	373.2
Thyroid	356.5	603.8
Esophagus	280.4	383.9
Cervix uteri	117.1	125.6
CNS	115.1	138.1
Pancreas	108.4	152.2

US Top 10

Cancer Type	2019	2030E
Breast Cancer	271.3	302.7
Lung	228.2	302.0
Prostate	174.7	218.9
Colorectal	145.6	176.5
Skin	104.4	127.7
Lymphoma	82.3	101.8
Bladder	80.5	104.2
Kidney	73.8	79.1
Uterine corpus	61.9	82.3
Leukemia	61.8	56.6

Europe Top 10

Cancer Type	2019	2030E
Breast Cancer	528.6	558.0
Lung	475.5	543.9
Prostate	455.0	537.8
Colon	316.1	367.0
Bladder	199.4	235.8
Rectum	177.2	202.4
Skin	145.9	157.2
Kidney	138.1	153.7
Stomach	134.6	155.0
Pancreas	134.1	155.1

Note: Head and neck consisting of lip, oral cavity, nasopharynx and larynx etc. is not deemed as an integrated cancer type to be ranked here.

Source: Frost & Sullivan Report

Trends and Growth Drivers of China's Oncology Drug Market

The oncology drug market in China is growing at a faster pace than the global market, mostly attributable to the large and growing cancer patient base, increasingly available effective therapies, increasing affordability and favorable environment for clinical trials.

Large and growing cancer patient population. Cancer incidences increased from 3,952.4 thousand in 2015 to 4,399.7 thousand in 2019, and will likely reach 4,865.4 thousand in 2024 and further to 5,695.1 thousand in 2030.

Increased availability of effective therapies. Cancer patients in China have a significantly lower five-year survival rate as compared to patients in the United States and other developed countries. In particular, the latest five-year survival rate for all registered cancer patients in China was 40.5% as compared to the latest five-year survival rate of 67.1% for patients in the United States. As the regulatory framework for innovative drugs has been reformed in recent years, more innovative, advanced and effective treatment options, including innovative combination therapies, are expected to enter the China market at an expedited pace.

Increasing affordability. There has been a continuous and rapid increase in personal disposable income in China coupled with ongoing improvement in basic national health insurance coverage, making innovative biologics more affordable to more Chinese patients. In addition, China's public reimbursement coverage is expected to continue its expansion because of the regular updates and adjustments on the NRDL as well as provincial level coverage modifications.

Favorable environment for clinical trials. China's regulatory framework is becoming increasingly favorable for innovative drugs that address unmet medical needs. Various government policies and regulations were passed to simplify review of clinical trial and new drug application, encourage drug innovation, accelerate drug registration and expand medical reimbursement. Specifically, the NMPA implemented Technical Guidelines for Accepting Data from Overseas Clinical Trials of Drugs, which shortens the registration process and provides potential exemption of clinical trials for drugs which have solid overseas clinical data.

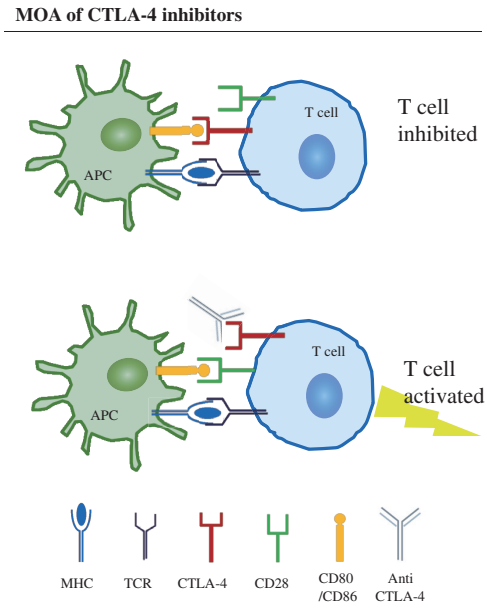
Overview of the Immuno-Oncology Market

Over the last few years, immuno-oncology therapy has revolutionized cancer care. Immuno-oncology therapy is designed to stimulate the patient's own immune system to generate or augment an antitumor immune response in order to control or eradicate cancer cells. Due to its ability to provide durable remissions while being generally well-tolerated in certain patients with advanced cancers, the discovery and development of immuno-oncology therapy mark a milestone in cancer treatment. Major types of immuno-oncology therapy include checkpoint inhibitors, therapeutic cancer vaccines, cytokines and cell therapies. Inhibition of immune checkpoints using PD-1, PD-L1 or anti-CTLA-4 monoclonal antibodies has revolutionized the management of patients with advanced-stage melanoma and are among the most promising components of treatment approaches for many other cancers. To date, seven

immune checkpoint blockade products have been approved in a number of cancer indications, and there are numerous other related drug candidates in preclinical and clinical development. According to the Frost & Sullivan Report, from 2015 to 2019, the sales revenue of immuno-oncology treatments increased from US$4.5 billion to US$29.1 billion at a CAGR of 59.4%. The global sales revenue of immuno-oncology treatments is expected to continue to increase, amounting to US$77.7 billion in 2030.

Overview of CTLA-4 Inhibitors Market Globally and in China

Anti-CTLA-4 antibodies are immune checkpoint inhibitors with proven value in cancer immunotherapy by enhancing T-cell activity to attack tumor cells. The CTLA-4 pathway is a key immune checkpoint pathway that provides a downregulating signal to T-cells. The blockade of CTLA-4 is intended to induce an antitumor immune response by promoting the activation and proliferation of tumor-specific T-cells.



Source: Frost & Sullivan Report

Historical and Estimated Size of the CTLA-4 Inhibitors Market Globally and in China

The following diagram illustrates the market size of the CTLA-4 inhibitors market globally and in China from 2015 to 2019 and the estimated market size from 2020 to 2030. As of 31 July 2020, ipilimumab (Yervoy) is the only marketed CTLA-4 antibody. Yervoy was approved as a monotherapy and as part of the combination therapy in melanoma and in renal cell carcinoma in the United States. From 2012 to 2019, the sales revenue of Yervoy increased from US$706 million to US$1,489 million.

Globally, the size of the CTLA-4 antibody market gradually increased to US$1.5 billion in 2019 due to commercialization of a few CTLA-4/PD-1 combination therapies for melanoma, RCC, MSI-H CRC since the approval of Yervoy. In 2020, the U.S. FDA approved ipilimumab/nivolumab combination therapy as a first-line treatment for NSCLC and as a second-line treatment for HCC. In addition, there are currently over 10 CTLA-4 antibodies in clinical development. For example, BMS is conducting numerous clinical trials of Yervoy in the United States both as a monotherapy and in combination with other therapies, such as nivolumab. According to the Frost & Sullivan Report, the launch of innovative CTLA-4 antibodies with higher safety and better efficacy and targeting more indications will drive the growth of the CTLA-4 market globally. It is estimated that the global CTLA-4 antibody market (by sales) will increase to US$3.8 billion by 2024 with a CAGR of 20.5% from 2019 to 2024 and further increase to US$8.3 billion by 2030 with a CAGR of 14.1% from 2024 to 2030.

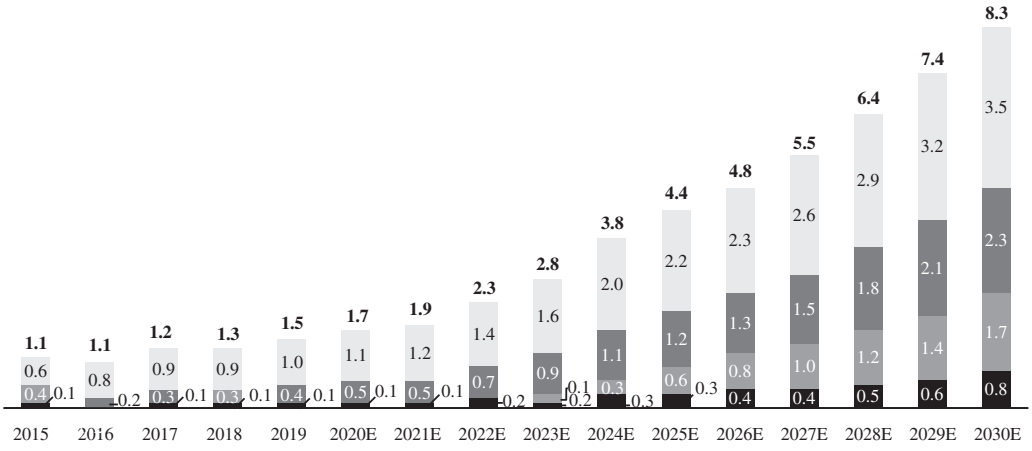
According to the Frost & Sullivan Report, in the United States, the CTLA-4 market (by sales) is anticipated to reach US$2.0 billion in 2024 from US$1.0 billion in 2019, with a CAGR of 15.2% from 2019 to 2024 and further increase US$3.5 billion in 2030 with a CAGR of 9.5% from 2024 to 2030.

According to the Frost & Sullivan Report, in Europe, the CTLA-4 market (by sales) is anticipated to increase to US$1.1 billion in 2024 from US$0.4 billion in 2019 with a CAGR of 23.8% from 2019 to 2024 and further increase to US$2.3 billion in 2030 with a CAGR of 12.9% from 2024 to 2030.

In China, Yervoy is expected to launch in 2020. According to the Frost & Sullivan Report, the CTLA-4 market (by sales) is expected to reach US$1.7 billion in 2030 with a CAGR of 30.6% from 2024 to 2030.

Breakdown of Global CTLA-4 Antibody Market by Region, 2015-2030E

CAGR	US	Europe	China	Others	Total
2015-2019	13.6%	-3.4%	N/A	5.4%	7.2%
2019-2024E	15.2%	23.8%	N/A	24.1%	20.5%
2024E-2030E	9.5%	12.9%	30.6%	19.2%	14.1%



Source: Frost & Sullivan Report

Market Drivers and Trends of CTLA-4 Inhibitors Market

The primary market drivers and trends for the CTLA-4 inhibitors market include:

Enlarging patient pool. The number of cancer patients globally is projected to increase at a faster pace and reach approximately 21.0 million in 2024. However, there are limited cancer treatments for the enlarging cancer patient pool. CTLA-4 inhibitors have the ability to address such unmet clinical needs with superior efficacy and less side effects.

Indication expansion. The development of CTLA-4 inhibitors increasingly focuses on indications with no coverage, especially those with sizeable patients or growing incidence rates, such as HCC and CRC in China and esophageal cancer and ovarian cancer in the United States. In addition, with the safety profile of CTLA-4 inhibitors improved, there is a trend to use CTLA-4 inhibitors as maintenance therapy to avoid recurrent/refractory cancer, which in turn contributes to greater usage for CTLA-4 inhibitors.

Combination strategy. Combination therapies with immune checkpoint inhibitors as components are expected to improve the response rate and durability of monotherapies of the inhibitors, leading to potentially better efficacy for approved indications and efficacy in cancer types currently without effective treatments. As shown in the diagrams below, PD-(L)1 inhibitors and CLTA-4 inhibitors have been approved in multiple indications, such as melanoma, RCC, mCRC, HCC, and NSCLC, and have shown promising efficacy. In addition, PD-(L)1 inhibitors and CLTA-4 inhibitors that are currently undergoing clinical development

have reported promising preliminary efficacy results. There are currently 28 Phase 3 clinical trials with a CTLA-4 inhibitor as a component in a combination therapy in China and United States, respectively. The development of combination therapy increases the market potential for CTLA-4 inhibitors.

The diagram below shows the promising efficacy data that has been observed in CTLA-4 in combination with PD-1 when compared with PD-1 as a monotherapy.

Indications[1]	Therapy (PD1+CTLA4 vs SOC)	Clinical Trail	Patient #	ORR (%)
Melanoma (1L)	Nivolumab + Ipilimumab	CHECKMATE-067	314	50%
	Nivolumab		316	40%
RCC (1L)	Nivolumab + Ipilimumab	CHECKMATE-214	425	42%
	Sunitinib		422	27%
MSI-H/ dMMR mCRC (2L)	Nivolumab + Ipilimumab	CHECKMATE-142	119	49%
	Nivolumab		74	32%
HCC (2L)	Nivolumab + Ipilimumab	CHECKMATE-040	49	33%
	Nivolumab		154	14%
NSCLC PD-L1≥1% (1L)	Nivolumab + Ipilimumab	CHECKMATE-227	396	36%
	Platinum-Doublet Chemotherapy		397	30%
NSCLC (1L)	Nivolumab + Ipilimumab + Platinum-Doublet Chemotherapy	CHECKMATE-9LA	361	38%
	Platinum-Doublet Chemotherapy		358	25%

Notes:

1. *By 11 August 2020, only melanoma, RCC, MSI-H/dMMR mCRC, HCC and NSCLC had been approved as the indications of Opdivo and Yervoy combination therapy by FDA.*

2. *Not assessed as efficacy outcome measures.*

Source: Frost & Sullivan Report

Competitive Landscape of CTLA-4 Inhibitors

Yervoy (ipilimumab) is the only marketed anti-CTLA-4 drug targeting cancer. Yervoy has been approved to treat one indication as a monotherapy, one indication as adjuvant treatment, and three indications as a combination therapy by the U.S. FDA. From 2012 to 2019, the sales revenue of Yervoy has increased from US$706 million to US$1,489 million. The global sales revenue of anti-CTLA-4 drugs is expected to continue to increase, amounting to US$8.3 billion in 2030.

The diagram below summarizes the CTLA-4 inhibitors in clinical development (excluding CTLA-4-based bispecifics) globally (excluding China).

Global Marketed CTLA-4 mAbs

Drug	Company	Structure Type	Indication	FDA Approval Time
Yervoy (Ipilimumab)	BMS	Conventional antibody	Mono: Melanoma, Combo with Opdivo: RCC, MSI-H or dMMR mCRC, HCC, NSCLC	2011.3

Global Pipelines of CTLA-4 mAbs (Except for China)

Drug[1]	Company	Structure Type	Indications	Phase	Type of therapy	First posted date
CP-675 (Tremelimumab)	AstraZeneca	Conventional antibody	NSCLC	III	Combo (with Durvalumab)	2015/9
			Urothelial Cancer	III	Combo (with Durvalumab)	2015/8
			Renal Cell Carcinoma	III	Combo (with Durvalumab)	2017/9
			SCLC	III	Combo (with Durvalumab)	2018/10
			HCC	III	Combo (with Durvalumab)	2017/10
			SCCHN	III	Combo (with Durvalumab)	2015/9
			Pediatric Cancer	I/II	Combo (with Durvalumab)	2019/2
AGEN-1884 (Zalifrelimab)	Agenus	Conventional antibody	Cervical Cancer	II	Combo (with PD-1 mAb)	2019/3
			Metastatic Soft Tissue Sarcoma	II	Combo (with PD-1 mAb and Chemo)	2019/7
			Urinary Bladder Neoplasms	II	Combo (with PD-1 mAb and Chemo)	2020/6
MK4308	MSD	Conventional antibody	NSCLC	II	Combo (with Pembrolizumab)	2018/5
			Melanoma	I/II	Combo (with Pembrolizumab & MK-7684)	2017/12
BMS-986249	BMS	Ipilimumab biosimilar	Advanced Cancer	I/II	Combo (with Nivolumab)	2020/4
YH001	Eucure	Conventional antibody	Advanced Solid Tumor	I	Combo (with Toripalimab)	2019/10
HBM 4003	Harbour BioMed	Heavy Chain antibody	Advanced Solid Tumors	I	Mono	
ONC-392	OncoImmune	Circulating antibody	Advanced Solid Tumors	I	Combo (with Pembrolizumab)	2019/10
AGEN-1181	Agenus	Fc-Engineered antibody	Advanced Cancer	I	Combo (with PD-1 mAb)	2019/3
REGN4659	Regeneron	Conventional antibody	NSCLC	I	Combo (with Cemiplimab)	2018/7
CS-1002	CStone	Ipilimumab biosimilar	Advanced Solid Tumors	I	Combo (with PD-1 mAb)	2018/5
BCD-145	Biocad	Conventional antibody	Melanoma	I	Mono	2018/3

Source: Frost & Sullivan Report

Yervoy has not been approved in China. The diagram below summarizes the CTLA-4 inhibitors in clinical development (excluding CTLA-4-based bispecifics) in China.

China Pipelines of CTLA-4 mAbs

Drug[1]	Company	Structure Type	Indications	Phase	Type of therapy	First posted date
BMS-734016 (Ipilimumab)	BMS	Conventional antibody	Undisclosed	NDA	Combo (with Nivolumab)	2019/12
CP-675 (Tremelimumab)	AstraZeneca	Conventional antibody	NSCLC	III	Combo (with Durvalumab)	2018/4
			SCLC	III	Combo (with Durvalumab)	2018/5
			HCC	II	Combo (with Durvalumab)	2017/6
IBI-310	Innovent	Ipilimumab biosimilar	CRC	II	Combo (with Sintilimab)	2020/1
			Melanoma	III	Combo (with Sintilimab)	2020/2
			HCC	I	Combo (with Sintilimab)	2020/5
CS1002	CStone	Ipilimumab biosimilar	Advanced Solid Tumors	I	Mono	2019/12
HL06	Hualan Bio	Ipilimumab biosimilar	Melanoma	I	Mono	2019/9
MV049	SL Pharm	Ipilimumab biosimilar	Advanced Solid Tumors	I	Mono	2019/7
KN044	Alphamab	Single domain antibody Fc fusion protein	Advanced Solid Tumors	I	Mono	2019/6

Note: By 11 August 2020.

Source: Frost & Sullivan Report

Overview of Anti-HER2 BsAb Market in China

Overview of HER2-Positive Cancers

Human epidermal growth factor receptor 2 (HER2) is a validated molecular target for cancer therapy. Over-expression of HER2 proteins has been shown to play a critical role in the progression of malignancies, especially breast cancer, and is also associated with a number of other cancer types, including GC/GEJ, breast cancer, gallbladder cancer, ovarian cancer and colorectal cancer.

The level of overexpression of HER2 in tumors can be classified into HER2 High, HER2 Intermediate and HER2 Low by reference to immunohistochemistry (IHC) or fluorescence *in situ* hybridization (FISH) standards. Cancers with HER2 High expression are expected to be most sensitive to anti-HER2 antibodies. According to the Frost & Sullivan Report, approximately 15% to 30% of breast cancer tumors and 10% to 30% of gastric cancer tumors show overexpression of the HER2 protein (which promotes the aggressive spread of cancer cells).

There are only two approved anti-HER2 monospecific antibodies on the global market, namely trastuzumab and pertuzumab. Both of them are approved in the PRC and the United States. In 2019, the sales revenue of trastuzumab and pertuzumab reached US$10.0 billion in the United States, and the sales revenue of trastuzumab and pertuzumab reached US$1.0 billion in China.

Overview of Anti-HER2 BsAb

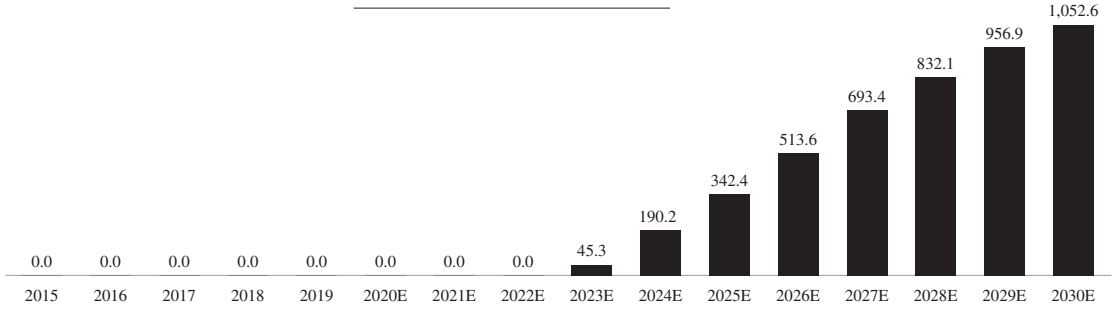
Compared with monospecific antibodies, the ability to bind two different antigens or epitopes simultaneously gives bsAbs potential advantages by blocking different signaling pathways. Major types of anti-HER2 bsAbs in clinical trials include those that simultaneously bind (i) HER2 and immune cell modulates (e.g., HER2 and CD3, HER2 and CD137), (ii) HER2 and HER3 and (iii) two different epitopes of HER2. The bispecific binding mode results in a dual oncogenic signal blockade and overcomes drug resistance through synergistic MOA, and increases degradation of HER2 proteins on the tumor cell surface, leading to potentially superior anti-tumor efficacy. To date, there are no approved HER2 bsAbs on the market.

Addressable Market Size of Anti-HER2 BsAbs in China

The anti-HER2 bsAbs market is primarily driven by the number of addressable patients with HER2 High cancers. In the PRC, the estimated total addressable patient size of anti-HER2 bsAbs is approximately 156.4 thousand in 2019. This estimate represents the incidence of HER2 High breast cancer and gastric cancer, two approved indications for anti-HER2 mAbs in 2019. Breast cancer and gastric cancer are major indications of HER2-targeted therapies and the incidence rate of HER2 High expression level of breast cancer ranges from 15% to 30% and such incidence rate of gastric cancer ranges from 10% to 30%, respectively. Approximately 50% of the breast cancer patients have HER2 low-expression and are ineligible for the currently approved HER2-targeted therapies. Cancer treatments targeting HER2 low expression indications are expected to have great potential as the last-line treatment for later-stage cancers, which presents a large market potential for novel anti-HER2 drug candidates.

Currently, there are four clinical-stage anti-HER2 bsAbs drug candidates in China. The competition facing these drug candidates is mainly from certain monospecific antibodies, such as trastuzumab and pertuzumab, and combination therapies. Anti-HER2 bsAbs can potentially achieve the effect of combination therapies such as trastuzumab and pertuzumab combination therapy, with a single injection, making it more convenient in patient administration and reducing infusion related risks. Anti-HER2 bsAbs are anticipated to provide new options for the second or later line treatment of HER2-positive cancer. According to the Frost & Sullivan Report, the market size of the anti-HER2 bsAbs in China is expected to take off in 2023 and reach approximately US$45.3 million, and the market potentials will increase significantly with the advancement of clinical research. The market size of anti-HER2 bsAbs is expected to further increase to US$1,052.6 million in 2030, representing a CAGR of 56.7% from 2023 to 2030. The following figure sets forth the estimated market size of anti-HER2 bsAbs in China for the periods indicated and the underlying assumptions by Frost & Sullivan.

Historical and Forecasted Market Size of Anti-HER2 BsAbs in China, 2015-2030E



Source: Frost & Sullivan Report

Market Trends and Growth Drivers of Anti-HER2 BsAb Market

The primary market drivers and trends for the anti-HER2 BsAb market include:

Indication expansion outside of breast and gastric cancers. Current anti-HER2 mAbs are only approved for HER2 High breast and GC/GEJ. However, there are various cancer types with high incidence rates of HER2 High expression, for which there are no approved HER2-targeted therapies, indicating significant unmet needs.

Combination therapies. The combination therapy of trastuzumab, pertuzumab and chemotherapy has shown an improved overall survival benefit in women diagnosed with HER2 High metastatic breast cancer and has become the standard of care in the United States. There is also clinical-stage HER2-targeted bsAbs for the treatment of advanced HER2-positive gastric cancer in combination with chemotherapy and PD-1 inhibitor. As HER2-overexpressing cancer biology and resistance mechanisms become increasingly studied, combination therapies of HER2-targeted drugs including bsAbs with other oncology drugs and new anti-HER2 agents are being extensively investigated in clinical trials. As of 31 March 2020, approximately 37.5% of anti-HER2 bsAb clinical trials in the United States deployed combination strategies.

Untapped patient population with cancers expressing HER2 at low level. Approximately 50% of breast cancer patients and 15.4% of gastric cancer patients have HER2 low-expression and are ineligible for currently approved HER2-targeted therapies. Anti-HER2 bsAbs, in particular those targeting two different epitopes of HER2, have the potential to have a comparable or potentially better safety profile and better and longer endurable responses than existing anti-HER2 oncology mAbs. This gives anti-HER2 mAbs the potential to address patients with HER2-overexpressing indications at HER2 Low expression levels.

Competitive Landscape

In China, trastuzumab has been approved as a monotherapy or a part of combination therapy for HER2 High breast cancer and GC/GEJ. Trastuzumab with or without chemotherapy is the first-line standard of care for HER2 High metastatic breast cancer in China. Pertuzumab cannot be used alone as it is only approved as a part of a combination therapy with trastuzumab and chemotherapy as an adjuvant treatment for HER2 High early breast cancer. Ado-trastuzumab emtansine has been approved as the adjuvant treatment of patients with HER2-positive early breast cancer who have residual invasive disease after neoadjuvant taxane and trastuzumab-based treatment. Inetetamab has been approved for the treatment of HER2 positive metastatic breast cancer with chemotherapy. In addition, there are currently four anti-HER2 bispecific antibody candidates in clinical trials in China. A summary of the competitive landscape of anti-HER2 bsAbs in the PRC is set forth below.

Approved Anti-HER2 Monospecific Antibodies in China

Marketed HER2 Monospecific Antibodies in China

Drug	Brand Name	Type	Company	NMPA approval
Trastuzumab	Herceptin	Mab	Roche	2001
Pertuzumab	Perjeta	Mab	Roche	2018
Ado-trastuzumab emtansine	Kadcyla	ADC	Roche	2020
Inetetamab	赛普汀	Mab	Sunshine Guojian	2020

Anti-HER2 BsAb in Clinical Development in China

HER2 Bispecific antibody Pipelines

Drug	Company	Target	Indications	Phase	First posted date
KN-026	Alphamab	HER2	HER2-positive BC	II	2019/11
			HER2-positive GC	II	2019/5
M802	YZY Biopharma	HER2, CD3	HER2-positive Cancer	I	2018/7
MBS301	Mabworks Biotech	HER2	HER2-positive BC/ GC	I	2019/3
IBI-315	Innovent	HER2, PD-1	Advanced Cancer	I	2019/11

Source: Frost & Sullivan Report

A summary of the competitive landscape of anti-HER2 bsAbs globally is set forth below.

Marketed HER2 Bispecific antibody

None

HER2 Bispecific antibody Pipelines

Drug	Company	Target	Indications	Phase	First posted date
KN026	Alphamab	HER2 x HER2	Metastatic Breast Cancer	II	2020/8
			Gastric/Gastroesophageal Junction Cancer	II	2019/4
ZW25	Zymeworks	HER2 x HER2	Endometrial Cancer	II	2020/8
			Biliary Tract Cancers	II	2020/7
			HER2+/HR+ Breast Cancer	II	2020/1
			Gastroesophageal Adenocarcinoma	II	2019/4
Zenocutuzumab (MCLA-128)	Merus	HER2 x HER3	Breast Cancer	II	2017/10
ISB 1302 (HBM9302)	Ichnos/HarBour BioMed	CD3 x HER2	Breast Cancer	I/II	2019/6
M802	YZY Biopharma	HER2 x CD3	HER2-Positive Solid Tumors	I	2020/8
IBI315	Innovent	HER2 x PD-1	HER2-expressing Advanced Solid Tumor	I	2019/11
BCD-147	Biocad	HER2 x HER2	Healthy subjects	I	2019/4
MBS301	Beijing Mabworks	HER2 x HER2	HER2-positive Recurrent or Metastatic Malignant Solid Tumor	I	2019/2
ZW49	Zymeworks	HER2 x HER2 ADC	HER2-expressing Cancers	I	2019/1
PRS-343	Pieris	HER2 x 4-1BB	HER2-Positive Solid Tumors	I	2018/4
BTRC4017A	Genentech	CD3 x HER2	HER2-Expressing Cancers	I	2018/2
MP0274	Molecular Partners AG	HER2 x HER2	HER2-positive Solid Tumors	I	2017/3

Source: FDA, Clinical trials.gov, Frost & Sullivan analysis

SOURCE OF INFORMATION

In connection with the Global Offering, we have engaged Frost & Sullivan to conduct a detailed analysis and prepare an industry report on the markets in which we operate. Frost & Sullivan is an independent global market research and consulting company which was founded in 1961 and is based in the United States. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries. We incurred a total of RMB580,000 in fees and expenses for the preparation of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful Listing or on the results of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry reports in connection with the Global Offering.

We have included certain information from the Frost & Sullivan Report in this document because we believe such information facilitates an understanding of the markets in which we operate for potential investors. Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources.

OVERVIEW

We are a clinical stage biopharmaceutical company engaged in the discovery and development of differentiated antibody therapies to fulfill unmet medical needs in immunology and oncology disease areas. We were established by our principal Founder, Dr. Jingsong Wang, and our Co-founders. Dr. Jingsong Wang is a widely recognized leading expert in China's biotech industry with more than 15 years of management experience in biologics discovery and development at global pharmaceutical companies. All our Co-founders have decades of experience in the pharmaceutical industry(1).

Our Harbour antibody platforms have been playing an indispensable role in the rapid development of our business. Harbour Antibodies, our wholly-owned subsidiary, has been researching and developing HCAb and H2L2 transgenic mice since 2009 which lays the foundation of our HCAb Platform and H2L2 Platform. Leveraging the technology know-how we accumulated on our HCAb Platform, we have independently developed the HBICE™ Platform which allows us to generate multiple novel HCAb-based immune cell engager bispecific antibodies. Through years of substantial in-house research and development efforts, our Harbour antibody platforms have evolved from a technology platform generating conventional antibodies to a platform to facilitate the discovery and development of differentiated antibody therapies for immunology and oncology diseases that address significant unmet medical needs.

Under the leadership of our Founders, shortly after our Company's incorporation in 2016, we acquired Harbour Antibodies in the same year and obtained licenses to utilize our HCAb Platform and H2L2 Platform. In 2017, we started building up our pipeline by in-licensing two strategically selected clinical assets with near-term revenue potential, namely batoclimab (HBM9161) and tanfanercept (HBM9036). At the same time, our Harbour antibody platforms allow us to develop differentiated drug candidates of our own, most notably our next-generation CTLA-4 asset HBM4003. We are also developing an innovative business model that entails collaboration with leading academic institutions and co-discovery programs with reputable regional and global industry partners such that we could leverage our collaborators' expertise to advance the development of our proprietary product candidates.

Recognizing the importance of globalization, in addition to the sites in the Netherlands and the U.S., we have successfully established and expanded our presence in China where the majority of our R&D operations are based at the moment. We intend to carry out marketing and commercialization activities in China by developing our own sales and marketing infrastructure for batoclimab and HBM4003. We also plan to partner with a qualified organization with branding and marketing capabilities in ophthalmology for commercialization of tanfanercept in China. In addition, we have R&D operations in the Netherlands in relation to our H2L2 Platform and HCAb Platform, primarily through exclusive collaboration with Erasmus Medical Center. We are also gradually expanding our U.S. R&D operations with an initial focus on the studies of our discovery-stage drug candidates.

Note:

(1) Three of our Co-founders, namely Dr. Xiaoxi Liu, Dr. Schweizer Liang and Mr. Qi He, have left the Group solely due to personal reasons. To our Company's knowledge, each of them has had no disagreement or dispute with our Company and has not breached his/her confidentiality obligations owed to our Company.

To date, we have established a diversified and balanced pipeline of immunology and immune-oncology therapies. We have received five rounds of equity financing to support our expanding business operations since our incorporation.

Key business milestones

The following table summarizes our key business development milestones:

Year	Event
2016	Acquired Harbour Antibodies
2017	Completed our series A1 financing raising US$47.5 million Licensing agreement with HanAll on batoclimab Licensing agreement with HanAll on tanfanercept
2018	Completed our series A3 financing raising US$11.7 million Licensing agreement with Ichnos on HBM9302 IND approval in China for tanfanercept in moderate-to-severe DED Collaboration with Kelun with respect to co-discovery arrangements (including HBM9001) Completed our series B financing raising US$85 million IND approval in China for batoclimab in NMOSD and MG
2019	Completed Phase 2 clinical trial for tanfanercept in moderate-to-severe DED IND approval in China for batoclimab in ITP Initiated Phase 1 clinical trial in Australia for HBM4003 in patients with advanced solid tumors Collaboration with Chia Tai Tianqing with respect to co-discovery arrangements
2020	IND approval in the U.S. for HBM4003 in solid tumors Completed our series B2 financing raising US$75 million Collaboration with Utrecht University, Erasmus Medical Center and AbbVie on advancement of the fully human, neutralizing antibody 47D11 IND application accepted for HBM4003 as a combination therapy with PD-1 for various types of advanced solid tumors IND approval in China for batoclimab in GO Completed our series C financing raising US$102.8 million Initiated Phase 1b/2 clinical trial for batoclimab in NMOSD Initiated Phase 2 clinical trial for batoclimab in MG Initiated registrational Phase 2/3 trial for batoclimab in ITP Initiated registrational Phase 3 trial for tanfanercept in DED

CORPORATE DEVELOPMENT OF OUR GROUP

Our major subsidiaries and operating entities

The principal business activities and date of establishment and commencement of business of each member of our Group that is material to our operations during the Track Record Period are shown below:

Name of subsidiary	Principal business activities	Date of incorporation and commencement of business
HBM Shanghai	Research and development of the Company's products	26 December 2016
HBM Suzhou	Development of new drugs, relevant technology transfer and provision of related technology consultation and service	11 September 2018
Harbour Antibodies	License holder of intellectual properties related to our HCAb Platform and H2L2 Platform	27 December 2006

Incorporation of our Company and adoption of the Pre-IPO Equity Plan

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on 20 July 2016 with Dr. Jingsong Wang serving as the sole Director at the time of incorporation. Upon incorporation, the authorized share capital of our Company was US$500,000 divided into 500,000,000 ordinary shares, each with a par value of US$0.001. At the time of incorporation, one ordinary share was issued to Mapcal Limited, an Independent Third Party. On the same day, the ordinary share was transferred to Noble Frontier Limited, also an Independent Third Party, which held the ordinary share until it was surrendered on 23 November 2016.

On 11 November 2016, our Company adopted the Pre-IPO Equity Plan pursuant to which 1,500,000 ordinary share were reserved for issuance for grantees under the plan. On the same day, the Company issued an aggregate of 1,263,200 ordinary share to Dr. Jingsong Wang and other Co-founders in consideration for their contribution to the initial establishment of our Group. For details of the Pre-IPO Equity Plan, see "Statutory and general information – D. Share schemes".

Our Series A financing and acquisition of Harbour Antibodies

On 16 November 2016, our Company and the Series A1 Preferred Shareholders, among others, entered into a share purchase agreement for our series A financing pursuant to which the Company agreed to issue and sell, and the Series A1 Preferred Shareholders agreed to purchase, an aggregate of 3,330,000 Series A1 Preferred Shares at a purchase price of US$14.2643 per Series A1 Preferred Share. To satisfy one of the conditions to initial closing, the Founders subscribed for an aggregate of 387,000 Series A2 Preferred Shares on 23 November 2016. The closing of our series A financing was conditional upon satisfaction of all conditions precedent for our acquisition of Harbour Antibodies (other than payment of the cash consideration). Among the proceeds from the sale of the Series A1 Preferred Shares and Series A2 Preferred Shares, US$30,000,000 was used to pay the cash consideration for the acquisition of Harbour Antibodies.

On 16 November 2016, our Company entered into a stock purchase agreement with, among others, Harbour Antibodies and its then shareholders (the "**HBA Shareholders**") pursuant to which the HBA Shareholders agreed to sell all of the shares of Harbour Antibodies to the Company at a total consideration of US$37.5 million comprising a cash payment of US$30,000,000 and the issuance of an aggregate of 2,335,000 ordinary share to the HBA Shareholders, representing 31.92% of the then total issued share capital of the Company (immediately after closing of our Series A financing). The consideration shares were issued by the Company to the HBA Shareholders on 7 December 2016. The cash consideration of US$30,000,000 was fully settled on 7 December 2016 by utilizing a portion of the proceeds from our series A financing. The consideration of the acquisition was determined based on arm's length negotiation among the parties. The Directors confirm that the acquisition of Harbour Antibodies was properly and legally completed.

Since completion of the acquisition, our Company has been the sole shareholder of Harbour Antibodies. The strategic acquisition provided the Company with two platforms producing transgenic mice generating fully human antibodies. Harbour Antibodies has been a party to agreements with Department of Cell Biology at Erasmus Medical Center, Erasmus MC Holding B.V. and Dr. Roger Kingdon Craig since 2006. Under these agreements, Harbour Antibodies has been granted licenses to certain of the licensors' intellectual property related to transgenic mice and the licensors have agreed to perform additional research on transgenic mice. See "Business – In-Licensing Agreements for Our H2L2 Platform and HCAb Platform" for further details.

SHARE SUBDIVISION AND CONVERSION

On 23 November 2020, our Shareholders resolved to, among other things, conduct the Share Subdivision pursuant to which each share in our then issued and unissued share capital was split into 40 shares of the corresponding class with par value of US$0.000025 each effective upon the conditions of the Global Offering being fulfilled, following which our share capital will be divided into (i) 19,577,504,960 Shares with par value of US$0.000025 each; (ii) 133,200,000 series A1 preferred shares with par value of US$0.000025 each; (iii) 9,288,000 series A2 preferred shares with par value of US$0.000025 each; (iv) 27,904,160 series A3 preferred shares with par value of US$0.000025 each; (v) 81,818,720 series B preferred shares with par value of US$0.000025 each; (vi) 68,593,360 series B2 preferred shares with par value of US$0.000025 each; and (vii) 101,690,800 series C preferred shares with par value of US$0.000025 each. Our Shareholders also resolved to, immediately upon completion of the Share Subdivision, conduct the Conversion, pursuant to which each preferred share shall be converted into ordinary share on a one-to-one basis.

PRE-IPO INVESTMENTS

Principal terms of the Pre-IPO Investments

The table below summarizes the five rounds of Pre-IPO Investments that our Company has received since its incorporation in July 2016:

Series[(1)]	Date of investment agreement	Date of last settlement	Total number of shares issued by the Company to the Pre-IPO Investors	Approximate valuation[(2)]	Cost per share paid[(3)]	Funds raised by the Company	Discount to the Offer Price[(8)]
A1	16 November 2016	6 January 2017	3,330,000 Series A1 Preferred Shares	US$104 million	US$14.2643 per Series A1 Preferred Share	US$47,500,000	78%
A3	26 October 2017	19 January 2018	697,604 Series A3 Preferred Shares	US$142 million[(4)]	US$16.8290 per Series A3 Preferred Share	US$11,740,000	74%
B	8 August 2018	17 September 2018	2,045,468 Series B Preferred Shares	US$456 million[(5)]	US$41.5550 per Series B Preferred Share	US$85,000,000	35%
B2	21 October 2019	12 March 2020	1,714,834 Series B2 Preferred Shares	US$574 million[(6)]	US$43.7360 per Series B2 Preferred Share	US$75,000,000	31%
C	24 June, 30 June and 2 July 2020	3 July 2020	2,074,167 Series C Preferred Shares	US$780 million[(7)]	US$49.562 per Series C Preferred Shares	US$102,800,000	22%

Notes:

(1) The Series A2 Preferred Shares were subscribed by the Founders rather than the Pre-IPO Investors and are not subject to redemption by the Company. For details, see "Our Series A financing and acquisition of Harbour Antibodies" of this section.

(2) The corresponding valuation is calculated based on the proposed post-money capitalization of the Company at the time of investment, which excludes shares then expected to be issued pursuant to the Pre-IPO Equity Plan.

(3) To be adjusted to reflect subsequent share splits and other capital reorganizations, as applicable.

(4) The increased implied valuation for series A3 as compared to series A1 reflects the increase in our fair market value due to the licensing of batoclimab and tanfanercept, our Core Products.

(5) The increased implied valuation of series B as compared to series A3 reflects the increase in our fair market value in contemplation of our commencement of clinical trials in China for our Core Products.

(6) The increased implied valuation of series B2 as compared to series B reflects the increase in our fair market value following our completion of Phase 2 clinical trial for tanfanercept in moderate-to-severe DED in China.

(7) The increased implied valuation of series C as compared to series B2 reflects the increase in our fair market value in anticipation of our two pivotal trials initiated in March and August 2020.

(8) The discount to the Offer Price is calculated based on the assumption that the Offer Price is HK$12.31 per Share, being the mid-point of the indicative Offer Price range of HK$11.70 to HK$12.92.

Lock-up period	Pursuant to the relevant shareholders agreement, the Pre-IPO Investors have agreed that, without the prior written consent of the Underwriters, they will not sell or otherwise transfer or dispose of any securities of the Company for a period of 180 days from the date of this document, with certain customary exceptions.
Use of proceeds from the Pre-IPO Investments	We used a portion of the proceeds to pay the cash consideration of US$30,000,000 for our acquisition of Harbour Antibodies. We utilized the rest of the proceeds from the Pre-IPO Investments for product research and development, capital expenditure, clinical development and general working capital needs of our Company. As of the Latest Practicable Date, we had utilized a substantial portion of the net proceeds from our series A1, A3, B and B2 financing. We had not yet utilized the net proceeds from our series C financing.
Strategic benefits the Pre-IPO Investors brought to our Company	At the time of each of the Pre-IPO Investments, our Directors were of the view that our Company could benefit from the additional capital that would be provided by the Pre-IPO Investors' investments in our Company and their knowledge and experience.
Basis of consideration	The consideration for each of the Pre-IPO Investments was determined based on arm's length negotiations between the Company and the Pre-IPO Investors after taking into consideration the timing of the investments and the status of our business and operating activities.

Special rights of the Pre-IPO Investors

Certain special rights were granted to our Pre-IPO Investors under, among other things, the Fifth Amended and Restated Memorandum and Articles of Association, the shareholders agreement dated 24 June 2020 and the investors' rights agreement dated 24 June 2020. In compliance with Guidance Letter HKEX-GL43-12 issued by the Stock Exchange, no such special rights will survive after Listing.

Public float

Upon completion of the Global Offering, Golden Link Investment Limited will hold 12.18% equity interest in our Company (assuming the Over-allotment Option is not exercised and no Shares are issued pursuant to the Share Schemes). Golden Link Investment Limited will be a substantial shareholder of our Company upon Listing and hence the Shares it holds will not count towards the public float. Except as stated above, the Shares held by other Pre-IPO Investors, representing 39.19% of the total issued share capital of our Company upon Listing (assuming the Over-allotment Option is not exercised and no Shares are issued pursuant to the Share Schemes), will constitute part of the public float for the purpose of Rule 8.08 of the Listing Rules.

Information on the Pre-IPO Investors

Golden Link Investment Limited ("**Golden Link**") is a company incorporated in the Cayman Islands. Golden Link Investment Limited is a wholly-owned subsidiary of Advantech Master Investment Limited, which is in turn a wholly-owned subsidiary of Advantech Capital L.P. ("**Advantech Capital**"). The general partner of Advantech Capital is Advantech Capital Partners Ltd., which is indirectly and wholly owned by Kee Chan Hebert Pang. Advantech Capital is a growth capital fund focusing on innovation-driven private equity investments primarily in China. With approximately US$1.4 billion assets under management, the fund pursues investment opportunities in the healthcare, technology and innovation sectors, particularly companies providing innovative products, solutions or services. Within the biotech sector, Advantech Capital's portfolio investments mainly comprise pharmaceutical companies specializing in anti-tumor or anti-inflammatory drugs and developers of innovative medical equipment or software solutions. Mr. Pang is a sophisticated investor and has extensive investment experiences in the healthcare industry. His personal investments in biotech or pharmaceutical industry comprises of companies in China and in the United States, such as CASI Pharmaceuticals, Inc. (a Nasdaq listed company focused on developing and accelerating the launch of innovative therapeutics and pharmaceutical products) and InnoCare Pharma Limited (a company listed on the Main Board of the Stock Exchange (stock code: 9969)). Other than the interest in Golden Link as disclosed herein, Mr. Pang is an Independent Third Party.

LC Healthcare Fund I, L.P. is an exempted limited partnership fund managed by Legend Capital Management Co., Ltd. and its affiliates ("**Legend Capital**"). Legend Capital is a leading growth equity investor with offices in Beijing, Shanghai, Shenzhen, and Hong Kong, focusing on high-quality growth opportunities in China, such as TMT, consumer and healthcare sectors.

Weijia Alpha Holdings Limited is an investment holding company incorporated in the British Virgin Islands. It invests in companies with material operations in China. It is wholly-owned by CDH Growth Fund III (USD Parallel), L.P., which is controlled by its general partner, CDH R-III Parallel Holdings Company Limited, a member of CDH Investments group ("**CDH**") which is ultimately controlled by Mr. Wu Shangzhi and Mr. Jiao Shuge. Founded in 2002, CDH is one of the leading alternative asset managers that focuses on investment opportunities in China. From its roots in private equity, CDH has expanded to become a diversified alternative asset management platform covering private equity, venture and growth capital, mezzanine & credit, public equities and real estate. CDH has more than 150 investment professionals working in offices in Hong Kong, Singapore, Beijing, Shanghai and Shenzhen to manage assets for institutional clients such as sovereign wealth funds, pension funds, insurance companies, university endowments and family offices. CDH's core principle is to create value for all of its partners, including portfolio companies and investors, and look to leverage on its China knowledge and network of business relationships to assist its portfolio companies to develop into leaders in their respective sectors.

Owap Investment Pte Ltd. is a private limited company incorporated in Singapore. It is wholly-owned by GIC (Ventures) Pte Ltd and managed by GIC Special Investments Pte. Ltd. GIC Special Investments Pte. Ltd. is wholly-owned by GIC Private Limited. GIC Private Limited is a private limited company established in Singapore, a global asset management company established in 1981 to manage the foreign reserves of Singapore.

China Life Chengda (Shanghai) Healthcare Industry Equity Investment Center (Limited Partnership) is a private equity investment fund registered in the Shanghai Free Trade Zone, China, focusing on the healthcare industry. The fund is managed by China Life Private Equity Investment Limited, which is part of the China Life Insurance Group and focuses on biomedical field, healthcare industry and other alternative investment and management.

Vertex Ventures China III, L.P. ("**Vertex Ventures China**") is an exempted limited partnership registered in the Cayman Islands. It is a venture capital fund which business is to carry out investment activities principally in leading early-stage technology and technology enabled consumption driven companies throughout Greater China, in a wide range of technology related industries such as internet, mobile applications, robotics, AI, consumer technologies, medical technologies and devices, and other sectors applicable to technology. Vertex Master Fund I Pte. Ltd., being the largest limited partner, holds a limited partnership interest of 49.03% in Vertex Ventures China.

SK Holdings Co., Ltd. ("**SK Holdings**") is an investment holding company incorporated in South Korea and listed on the KOSPI market of the Korea Exchange (stock code: 034730). SK Holdings has globally competitive affiliates in various business fields such as energy,

chemical, information and communication, materials, logistics, and services. By establishing a long-term investment strategy, SK Holdings improves the competitiveness of its affiliates' portfolios. SK Holdings strives to secure global competitiveness in key new business areas such as biopharmaceuticals, materials, and logistics infrastructure through long-term and continuous investment.

Poly Platinum Enterprises Limited is a special purpose vehicle incorporated in the British Virgin Islands. It is wholly-controlled by Greater Bay Area Homeland Development Fund LP. Greater Bay Area Homeland Development Fund LP is set up to grasp the historical opportunities of the development of Guangdong-Hong Kong-Macao Greater Bay Area, and the construction of an International Innovation and Technology Hub, focusing on technological innovation, industrial upgrading, quality of life, smart city and all other related industries.

Efung Hungyun Limited was incorporated under the laws of Seychelles in 2017 as an equity investment fund focusing on investment in the healthcare industry. The beneficial owners of Efung Hungyun Limited are Mr. Jinqiao Zhu (also the fund manager), Mr. Changmin Yang and ChinaBridge Holdings Limited, which provides global contract manufacturing and supply chain services in Asia.

Shanghai Zhenbo Enterprise Management Consulting Partnership (Limited Partnership) was established in the PRC in 2019. It is managed by Shenzhen Efung Management Investment Enterprise (Limited Partnership) ("**Efung Capital**"). Efung Capital was established in the PRC in 2012. Its general partner is Shenzhen Efung Venture Capital Co. Ltd., and its designated representative is Mr. Zhu Pai. Efung Capital is an investment fund focusing on venture capital and private equity investments in the medical and health industries, particularly in the areas of novel drugs and high-end medical devices. Currently, Efung Capital has approximately US$400 million assets under management.

Shanghai Yangjian Enterprise Management Partnership (Limited Partnership) is a special purpose vehicle established under the laws of the PRC. Its shareholders are two funds respectively managed by Zheshang Venture Capital Co., Ltd. ("**ZSVC**") and ZJU Future Capital Co., Ltd. ("**ZJU Future**"), and it is controlled by Hangzhou Yangjian Investment Partnership, which is managed by ZSVC. ZSVC and ZJU Future are investment firms focusing on healthcare, big consumption, new economy and manufacturing industries.

JT New Century Bioventure Partnership is a limited partnership established under the laws of the PRC, which manages Shanghai Boxun Enterprise Management Consulting Partnership (Limited Partnership), a wholly-owned special purpose vehicle incorporated under the laws of the PRC. JT New Century Bioventure Partnership is dedicated to searching for and supporting innovative entrepreneurships in the healthcare and life science industry. The partnership is currently managing a RMB1 billion venture capital fund by experienced professionals. The team is focused on supporting early to mid-stage entrepreneurships in life science in accomplishing their ambitious vision.

HBC Asia Healthcare Opportunities IV LLC is an investment vehicle managed by Hudson Bay Capital Management LP. Hudson Bay Capital ("**HBC**") is a multi-billion dollar asset management firm operating in New York and London. With over 80 employees, HBC has been managing assets on behalf of outside investors since 2006. The firm invests across multiple strategies by utilizing rigorous fundamental analysis, and seeks to identify value and growth opportunities that are uncorrelated to each other and market indices. HBC promotes an integrated team culture emphasizing collaboration and cross-pollination of ideas across sectors and strategies. Its dedicated investment team seeks to achieve outstanding performance by investing in companies that are poised for growth or are undervalued while maintaining a focus on risk management.

OrbiMed Partners Master Fund Limited ("**OPM**"), OrbiMed Genesis Master Fund, L.P. ("**Genesis**"), OrbiMed New Horizons Master Fund, L.P. ("**ONH**"), and The Biotech Growth Trust PLC ("**BIOG**") are OrbiMed investment funds. OrbiMed Capital LLC is the investment advisor for OPM and the portfolio manager of BIOG. OPM is an exempted company incorporated under the laws of Bermuda. BIOG is a publicly listed trust organized under the laws of England. Genesis and ONH are each exempted limited partnerships incorporated under the laws of the Cayman Islands with OrbiMed Advisors LLC acting as the investment manager. OrbiMed Capital LLC and OrbiMed Advisors LLC exercise voting and investment power through a management committee comprised of Carl L. Gordon, Sven H. Borho, and Jonathan T. Silverstein.

Victorious Astral Limited is an investment holding company incorporated under the laws of the British Virgin Islands and is wholly-owned by CGVC Company Limited. CGVC Company Limited, being an indirectly wholly-owned subsidiary of Country Garden Holdings Company Limited (HKEX:2007), mainly focuses on equity investments outside of real estate investment.

GIG Biotech Investment Management Limited ("**GIG Biotech**") is a financial investor of the Company. GIG Biotech is a private equity fund incorporated and existing under the laws of the British Virgin Islands, which focuses on healthcare sector investment. GIG Biotech is controlled by Ms. Huang Qing, CEO of GTJA Investment Group.

Zhengqi (Hong Kong) Financial Holdings Limited ("**Zhengqi Hong Kong**") is a wholly-owned subsidiary of Zhengqi Financial Holdings Corporation ("**Zhengqi Financial**"). Zhengqi Financial is a core subsidiary of Legend Holdings. It is a financial holding company focusing on providing financing services to SMEs and engaging in innovative financial businesses. Zhengqi Hong Kong is an overseas strategic investment platform of Zhengqi Financial, established in Hong Kong. It focuses on investment in core industries of information technology, biomedicine, new energy, and new materials in the Hong Kong capital market. Its business scope includes pre-IPO investment, IPO cornerstone and anchor investment, and secondary market investment. It wholly owns Zhengqi International Asset Management Limited, which holds licenses 1, 4 and 9 regulated by the Hong Kong Securities and Futures Commission, and provides asset management services to domestic and foreign customers using the advantages of licenses.

Hong Kong Li Hong Company Limited is an investment holding company incorporated in Hong Kong and is controlled by Ms. Chen Peng Ling of the Fujian Septwolves Group. It is primarily engaged in investments in various industries including healthcare, finance and financial technology, energy and environmental conservation and new consumption.

Octagon Investments Master Fund LP ("**Octagon Investments**") is an exempted limited partnership formed under the laws of the Cayman Islands and operating as a private investment fund. Octagon Capital Advisors LP ("**Octagon Capital**"), a Delaware limited partnership and registered investment advisor with the U.S. SEC, serves as the investment manager to Octagon Investments. Founded in 2019, Octagon Capital is a multi-stage investment manager dedicated to evidence-based investing in public and private healthcare companies. Octagon Capital strives to build concentrated, long-term investments and work with our portfolio management teams as partners. Octagon Capital manages capital on behalf of global institutions such as university endowments, non-profit foundations, family offices and established asset managers.

Sage Partners Master Fund is an exempted company with limited liability incorporated in the Cayman Islands ("**Sage Partners**"). Sage Partners utilizes an evidence-based investment strategy that is based on deep fundamental analysis to invest in companies primarily in the healthcare and healthcare-related industries. The investment activities of Sage Partners are managed by Sage Partners Limited, a Hong Kong-based private investment management company that is led by a team of well-experienced healthcare industry investors.

Compliance with Interim Guidance and guidance letters

On the basis that (i) the consideration for the Pre-IPO Investments was settled more than 28 clear days before the date of our first submission of the listing application form to the Stock Exchange in relation to the Listing, and (ii) all special rights granted to the Pre-IPO Investors will not survive Listing, the Joint Sponsors have confirmed that the Pre-IPO Investments are in compliance with the Interim Guidance on Pre-IPO Investments issued by the Stock Exchange on 13 October 2010, as updated in March 2017, the Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012, as updated in July 2013 and March 2017, and the Guidance Letter HKEX-GL44-12 issued by the Stock Exchange in October 2012, as updated in March 2017.

CAPITALIZATION

The table below is a summary of the capitalization of the Company as of the date of this document and immediately prior to the Share Subdivision:

Shareholders	Ordinary Shares	Series A1 Preferred Shares	Series A2 Preferred Shares	Series A3 Preferred Shares	Series B Preferred Shares	Series B2 Preferred Shares	Series C Preferred Shares	Aggregate total number of shares as at the date of this document	Aggregate ownership percentage as at the date of this document[1]	Aggregate ownership percentage upon completion of the Global Offering[2]
HARBOURBIO LLC	1,400,000	–	108,360	–	–	–	–	1,508,360	9.58%	7.86%
Mai-jing Liao	169,000	–	38,700	–	–	–	–	207,700	1.32%	1.08%
Shuxin Biotech Limited	791,260	–	46,440	–	–	–	–	837,700	5.32%	4.36%
HBM Technology Limited	203,200	–	–	–	–	–	–	203,200	1.29%	1.06%
Xiaoxi Liu	72,875	–	38,700	–	–	–	–	111,575	0.71%	0.58%
Roger Kingdon Craig	298,764	–	–	–	–	–	–	298,764	1.90%	1.56%
Claude Geoffrey Davis	31,449	–	–	–	–	–	–	31,449	0.20%	0.16%
Albert Reginald Collinson	31,449	–	–	–	–	–	–	31,449	0.20%	0.16%
Robert Irwin Kamen	65,649	–	–	–	–	–	–	65,649	0.42%	0.34%
Franklin Gerardus Grosveld	305,683	–	–	–	–	–	–	305,683	1.94%	1.59%
Richard Wilhelm Janssens	81,138	–	–	–	–	–	–	81,138	0.52%	0.42%
Dubravka Drabek	21,110	–	–	–	–	–	–	21,110	0.13%	0.11%
Nessan Anthony Bermingham	12,383	–	–	–	–	–	–	12,383	0.08%	0.06%
Barbara-Jean Bormann-Kennedy	24,491	–	–	–	–	–	–	24,491	0.16%	0.13%
Heather Marie Schwoebel	8,963	–	–	–	–	–	–	8,963	0.06%	0.05%
Maria Adriana Johanna van Zeijl	5,386	–	–	–	–	–	–	5,386	0.03%	0.03%
Ernie de Boer	5,386	–	–	–	–	–	–	5,386	0.03%	0.03%
Marinus Johannes van Haperen	5,425	–	–	–	–	–	–	5,425	0.03%	0.03%
Erasmus MC Holding B.V.	820,540	–	–	–	–	–	–	820,540	5.21%	4.27%
Atlas Venture Fund IX, L.P.	617,184	–	–	–	–	–	–	617,184	3.92%	3.21%
Golden Link Investment Limited	–	1,927,894	–	222,225	120,322	68,593	–	2,339,034	14.86%	12.18%
LC Healthcare Fund I, L.P.	–	1,402,106	–	–	120,322	114,322	–	1,636,750	10.40%	8.53%

Shareholders	Ordinary Shares	Series A1 Preferred Shares	Series A2 Preferred Shares	Series A3 Preferred Shares	Series B Preferred Shares	Series B2 Preferred Shares	Series C Preferred Shares	Aggregate total number of shares as at the date of this document	Aggregate ownership percentage as at the date of this document[1]	Aggregate ownership percentage upon completion of the Global Offering[2]
Weijia Alpha Holdings Limited	–	–	–	475,379	–	–	–	475,379	3.02%	2.48%
Owap Investment Pte Ltd.	–	–	–	–	1,082,894	182,916	–	1,265,810	8.04%	6.59%
Vertex Ventures China III, L.P.	–	–	–	–	120,322	–	–	120,322	0.76%	0.63%
China Life Chengda (Shanghai) Healthcare Industry Equity Investment Center (Limited Partnership)	–	–	–	–	601,608	–	–	601,608	3.82%	3.13%
SK Holdings Co., Ltd.	–	–	–	–	–	114,322	–	114,322	0.73%	0.60%
Poly Platinum Enterprises Limited	–	–	–	–	–	274,373	201,767	476,140	3.02%	2.48%
Efung Hongyun Limited	–	–	–	–	–	85,970	–	85,970	0.55%	0.45%
Shanghai Zhenbo Enterprise Management Consulting Partnership (Limited Partnership)	–	–	–	–	–	256,997	–	256,997	1.63%	1.34%
Shanghai Boxun Enterprise Management Consulting Partnership (Limited Partnership)	–	–	–	–	–	480,154	–	480,154	3.05%	2.50%
Shanghai Yangjian Enterprise Management Partnership (Limited Partnership)	–	–	–	–	–	137,187	–	137,187	0.87%	0.71%
Sage Partners Master Fund	–	–	–	–	–	–	100,884	100,884	0.64%	0.53%
OrbiMed Partners Master Fund Limited	–	–	–	–	–	–	131,149	131,149	0.83%	0.68%
The Biotech Growth Trust PLC	–	–	–	–	–	–	272,386	272,386	1.73%	1.42%
OrbiMed Genesis Master Fund, L.P.	–	–	–	–	–	–	40,353	40,353	0.26%	0.21%

Shareholders	Ordinary Shares	Series A1 Preferred Shares	Series A2 Preferred Shares	Series A3 Preferred Shares	Series B Preferred Shares	Series B2 Preferred Shares	Series C Preferred Shares	Aggregate total number of shares as at the date of this document	Aggregate ownership percentage as at the date of this document[1]	Aggregate ownership percentage upon completion of the Global Offering[2]
OrbiMed New Horizons Master Fund, L.P.	–	–	–	–	–	–	60,530	60,530	0.38%	0.32%
GIG Biotech Investment Management Limited	–	–	–	–	–	–	117,025	117,025	0.74%	0.61%
Zhengqi (Hong Kong) Financial Holdings Limited	–	–	–	–	–	–	80,707	80,707	0.51%	0.42%
Hong Kong Li Hong Company Limited	–	–	–	–	–	–	40,353	40,353	0.26%	0.21%
HBC Asia Healthcare Opportunities IV LLC	–	–	–	–	–	–	544,772	544,772	3.46%	2.84%
Octagon Investments Master Fund LP	–	–	–	–	–	–	121,060	121,060	0.77%	0.63%
Victorious Astral Limited	–	–	–	–	–	–	363,181	363,181	2.31%	1.89%
Kastle Limited	676,146	–	–	–	–	–	–	676,146	4.30%	3.52%
Other public shareholders	–	–	–	–	–	–	–	–	–	18.00%
Total	**5,647,481**	**3,330,000**	**232,200**	**697,604**	**2,045,468**	**1,714,834**	**2,074,167**	**15,741,754**	**100%**	**100%**

Notes:

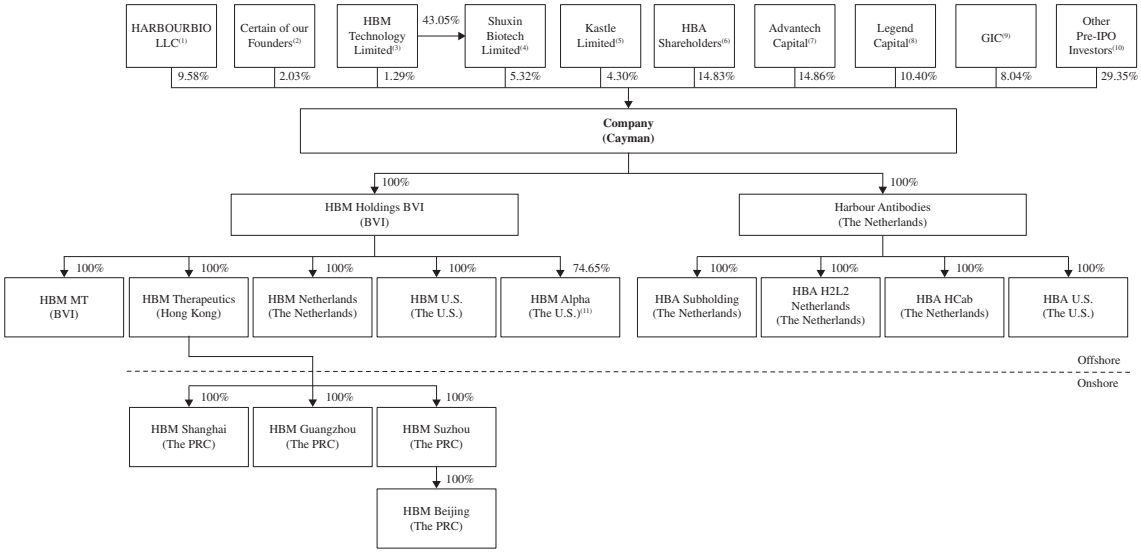
(1) Assuming all Preferred Shares are converted into ordinary shares on a 1:1 basis.

(2) Assuming all Preferred Shares are converted into ordinary shares on a 1:1 basis, the Over-allotment Option is not exercised, no Shares are issued under the Share Schemes and the Share Subdivision is completed.

CORPORATE STRUCTURE

Corporate structure before the Global Offering

The following diagram illustrates the corporate and shareholding structure of our Group immediately prior to completion of the Global Offering (assuming no Shares are issued pursuant to the Share Schemes):



Notes:

(1) The ordinary shares and series A2 preferred shares in the Company in which Dr. Jingsong Wang is interested are held by HARBOURBIO LLC, a limited liability company incorporated on 6 August 2020 in the State of South Dakota in the U.S., wholly owned and controlled by Dr. Wang for the purpose of estate and tax planning.

(2) Dr. Mai-jing Liao and Dr. Xiaoxi Liu will hold 1.32% and 0.71% equity interest in our Company respectively.

(3) HBM Technology Limited holds 203,200 ordinary shares of the Company (or 8,128,000 Shares after the Share Subdivision, representing 1.29% equity interest of the Company as of the date of this document) the voting rights attached to which are exercised by Dr. Xiaoxiang Chen, being the sole director of HBM Technology Limited. HBM Technology Limited is wholly owned by Bright Swift Holdings Limited which is in turn owned as to 37.25% by Dr. Xiaoxiang Chen and 62.75% by 29 other employees of the Group who are Independent Third Parties granted share award pursuant to the Pre-IPO Equity Plan. For further details, please refer to "Statutory and general information – D. Share Schemes – 1. Pre-IPO Equity Plan" in Appendix IV.

(4) Shuxin Biotech Limited holds 791,260 ordinary shares and 46,440 Series A2 Preferred Shares of the Company (or 33,508,000 Shares in aggregate after the Share Subdivision and Conversion, representing 5.32% equity interest of the Company as of the date of this document) the voting rights attached to which are exercised by Dr. Xiaoxiang Chen, being the sole director of Shuxin Biotech Limited. Shuxin Biotech Limited is owned as to 43.05% by HBM Technology Limited and 56.95% by Dr. Xiaoxiang Chen. For further details, please refer to "Statutory and general information – D. Share Schemes – 1. Pre-IPO Equity Plan" in Appendix IV.

(5) Kastle Limited holds 676,146 ordinary shares of the Company (or 27,045,840 Shares after the Share Subdivision, representing 4.30% equity interest of the Company as of the date of this document) as trustee on behalf of employees of the Group who have been or will be granted shares awards pursuant to the Pre-IPO Equity Plan. Kastle Limited shall refrain from exercising any voting rights attached to the shares of the Company so long as such share are held in the trust fund. Kastle Limited is wholly owned by JV Uptech

Holding Limited which is in turn indirectly and wholly owned by UP Fintech Holding Limited, a company listed on NASDAQ (NASDAQ: TIGR). For further details, please refer to "Statutory and general information – D. Share Schemes – 1. Pre-IPO Equity Plan" in Appendix IV.

(6) HBA Shareholders refers to Roger Kingdon Craig, Claude Geoffrey Davis, Albert Reginald Collinson, Robert Irwin Kamen, Franklin Gerardus Grosveld, Richard Wilhelm Janssens, Dubravka Drabek, Nessan Anthony Bermingham, Barbara-Jean Bormann-Kennedy, Heather Marie Schwoebel, Maria Adriana Johanna van Zeijl, Ernie de Boer, Marinus Johannes van Haperen, Erasmus MC Holding B.V. and Atlas Venture Fund IX Cooperatief U.A.

(7) Advantech Capital holds equity interest in the Company through Golden Link Investment Limited. Golden Link Investment Limited is a wholly-owned subsidiary of Advantech Master Investment Limited, which is in turn a wholly-owned subsidiary of Advantech Capital. The general partner of Advantech Capital is Advantech Capital Partners Ltd., which is wholly-owned by Advantech Capital Holdings Ltd., which is in turn wholly-owned by Kee Chan Hebert Pang.

(8) Legend Capital holds equity interest in the Company through LC Healthcare Fund I, L.P.. Legend Capital Co., Ltd is deemed to be interested in the equity interests held by LC Healthcare Fund I, L.P., due to the fact that it is the sole shareholder of Union Season Holdings Limited, which is the sole shareholder of LC Fund GP Limited, which in turn is the general partner of LC Healthcare Fund I GP, L.P., which in turn is the general partner of LC Healthcare Fund I, L.P.. Legend Capital Co., Ltd is ultimately controlled by each of Linan Zhu, Hao Chen and Nengguang Wang.

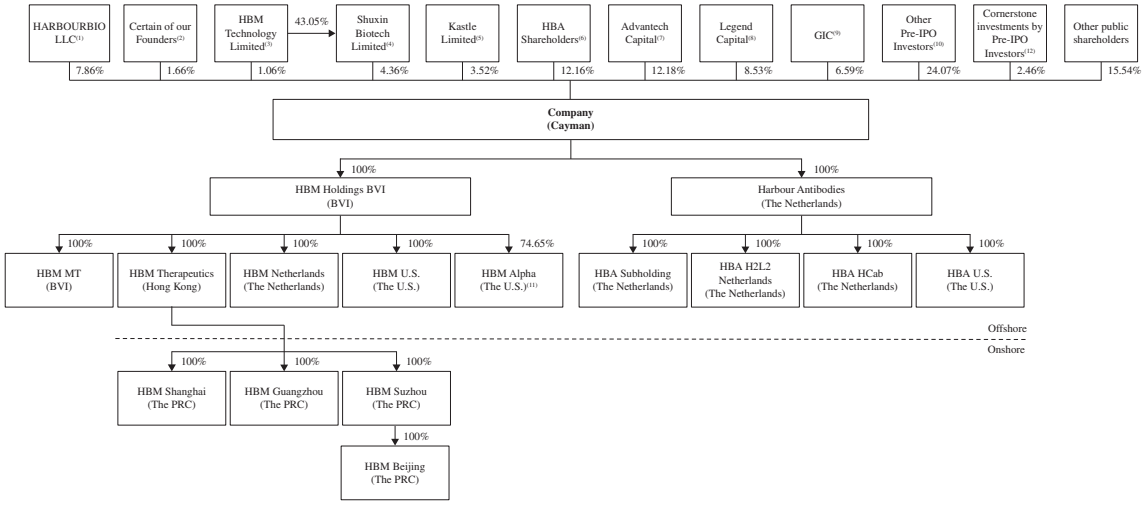
(9) GIC holds equity interest in the Company through Owap Investment Pte Ltd.. Owap Investment Pte Ltd. is wholly-owned by GIC (Ventures) Pte Ltd and managed by GIC Special Investments Pte. Ltd, which is wholly-owned by GIC Private Limited.

(10) Other Pre-IPO Investors refers to all Pre-IPO Investors excluding Golden Link Investment Limited, LC Healthcare Fund I, L.P. and Owap Investment Pte Ltd.

(11) HBM Alpha is owned as to 74.65% by HBM Holdings BVI, 4.23% by Children's Medical Center Corporation (an Independent Third Party) and 21.13% by Joseph A. Majzoub, M.D. (an Independent Third Party).

Corporate structure immediately following the Global Offering

The following diagram illustrates the corporate and shareholder shareholding structure of our Group immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued pursuant to the Share Schemes):



Notes:

(2) Dr. Mai-jing Liao and Dr. Xiaoxi Liu will hold 1.08% and 0.58% equity interest in our Company respectively immediately following the Global Offering.

(3) HBM Technology Limited will hold 8,128,000 Shares, representing 1.06% equity interest of the Company immediately following the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Share Schemes). HBM Technology Limited is wholly owned by Bright Swift Holdings Limited which is in turn owned as to 37.25% by Dr. Xiaoxiang Chen and 62.75% by 29 other employees of the Group who are Independent Third Parties granted share award pursuant to the Pre-IPO Equity Plan.

(4) Shuxin Biotech Limited will hold 33,508,000 Shares, representing 4.36% equity interest of the Company immediately following the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Share Schemes). Shuxin Biotech Limited is owned as to 43.05% by HBM Technology Limited and 56.95% by Dr. Xiaoxiang Chen.

(5) Kastle Limited will hold 27,045,840 Shares, representing 3.52% equity interest of the Company immediately following the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Share Schemes), as trustee on behalf of employees of the Group who have been or will be granted shares awards pursuant to the Pre-IPO Equity Plan. Kastle Limited is wholly owned by JV Uptech Holding Limited which is in turn indirectly and wholly owned by UP Fintech Holding Limited, a company listed on NASDAQ (NASDAQ: TIGR).

(12) These interests (calculated on the basis of the mid-point of the indicative Offer Price range set out in this document) are held by certain of our existing Shareholders or their affiliates, namely Hudson Bay Capital, Legend Capital, Octagon Investments and OrbiMed Funds, which have entered into cornerstone investment agreements to subscribe for Shares. See "Cornerstone investors" for details.

See the preceding page for other notes

PRC LEGAL COMPLIANCE

M&A Rules

According to the Regulations on Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**") jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the CSRC, State Administration for Industry and Commerce (now known as State Administration for Market Regulation) and the SAFE on 8 August 2006, effective as of 8 September 2006 and amended on 22 June 2009, a PRC company or individual that intends to acquire its/his/her related domestic company through an offshore company which it/he/she lawfully established or controls, such acquisition shall be subject to the examination and approval of MOFCOM. The M&A Rules, among other things, further purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange, in the event that the special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of such special purpose vehicle.

Our PRC Legal Adviser is of the view that, unless new laws and regulations are enacted or MOFCOM and CSRC publish new provisions or interpretations on the M&A Rules to the contrary in the future, prior CSRC or MOFCOM approval for this offering is not required because each of HBM Shanghai, HBM Suzhou and HBM Guangzhou was incorporated as a foreign-invested enterprise without involving acquisition of the equity or assets of a "PRC company", as such term is defined under the M&A Rules.

Circular 37

In 2014, the State Administration of Foreign Exchange promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**SAFE Circular 37**"). In 2015, SAFE further issued the Circular on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**Simplify Notice**"). The SAFE Circular 37 and the Simplify Notice require PRC residents to register with local branches of SAFE or competent banks designated by SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in the SAFE Circular 37 as a "special purpose vehicle".

As of the Latest Practicable Date, Dr. Xiaoxiang Chen, who is subject to the SAFE Circular 37 registration requirement, has completed the initial registration under the SAFE Circular 37.

OVERVIEW

We are a clinical-stage biopharmaceutical company engaged in the discovery and development of differentiated antibody therapeutics in immunology and oncology disease areas.

Our Harbour antibody platforms constitute what we believe to be a comprehensive technology solution for discovering the next generation of fully human antibody therapeutics. Our Harbour antibody platforms are equipped with a suite of technologies that optimize or augment the therapeutic activity of antibodies, including important technology expansions for developing "heavy chain only" antibodies (HCAb), which is our HCAb Platform, and for developing differentiated HCAb-based bispecific immune cell engagers potentially capable of delivering tumor-killing effects unachievable by combination therapies, which is our HBICE™ Platform. We are committed to investing in our platforms, generating new therapeutics and developing them into products that address significant unmet medical needs. Our Harbour antibody platforms have been validated by over 45 industry and academic partners with six projects having entered clinical stage as of 30 June 2020. Built upon our strong track record of collaborations, we believe our Harbour antibody platforms will provide revenue creation potential and broaden the scope of our development efforts. We own global rights to use and develop our Harbour antibody platforms, enabling us to maximize the value of our platforms to address global unmet medical needs.

We are developing a diversified and balanced pipeline of potentially differentiated cutting-edge immunology and immuno-oncology therapies, both internally and through collaborations with global pharmaceutical and academic partners. The following table summarizes the status of our programs as of the Latest Practicable Date. Batoclimab and tanfanercept are our Core Products.

	Programs *(Licensors)*	Target	Indication	Commercial Rights	Status (Clinical Sites Indicated in Status Bar)
Immunology	**Batoclimab[2] HBM9161** *(HanAll)*	*FcRn*	ITP[5]	Greater China[1]	Mainland China → Initiated Ph 2/3 in Mar 2020
			GO[5]	Greater China[1]	Mainland China → Obtained IND approval for Phase 2/3 clinical trial (expected early 2021); US (Conducted by Immunovant, a licensee of batoclimab for certain territories outside Greater China)
			MG[5]	Greater China[1]	Mainland China → Initiated Ph 2 in Mar 2020; US (Conducted by Immunovant, a licensee of batoclimab for certain territories outside Greater China)
			NMOSD[5]	Greater China[1]	Mainland China → Initiated Ph 1b/2 in Jan 2020
			WAIHA[5]	Greater China[1]	Mainland China → IND preparation; US (Conducted by Immunovant, a licensee of batoclimab for certain territories outside Greater China)
			CIDP[5]	Greater China[1]	Mainland China → IND preparation
	Tanfanercept[3] HBM9036 *(HanAll)*	*TNFα*	Dry Eye Disease	Greater China[1]	Mainland China → Initiated Ph 3 in Aug 2020; US (Conducted by Licensor)
	HBM9022 *(Co-develop with AbbVie; Utrecht University; Erasmus Medical Center)*	*SARS-COV-2*	COVID-19	Global	IND preparation
Immuno-Oncology	**HBM4003[4]**	*CTLA-4*	Advanced Solid Tumors[6]	Global	Australia → Part 1 ongoing
			Advanced Solid Tumors[6]		Mainland China → Obtained IND approval in Sep 2020
			Advanced Solid Tumors[6]		US → Obtained IND approval in Jan 2020
			Advanced Solid Tumors[6]		Mainland China → Obtained IND approval in Sep 2020
	HBM9302 *(Ichnos[7])*	*HER2×CD3*	Breast Cancer and Gastric Cancer	Greater China[1]	Mainland China → IND preparation; US (Conducted by Licensor)
	HBM1007	*CD73*	Solid Tumors	Global	Preclinical stage
	HBM1029	*Claudin 18.2*	Solid Tumors	Ex-Greater China	Preclinical stage
	HBM7020	*BCMA×CD3*	Multiple Myeloma	Ex-Greater China	Preclinical stage
	HBM7015	*PD-L1×TGF-β*	Solid Tumors	Ex-Greater China	Preclinical stage
	HBM7008	*TAA1×4-1BB*	Solid Tumors	Global	Preclinical stage

HBM · Partner · Registrational Clinical Trial · In-license Program · In-house Program · Monotherapy · + PD-1

* As indicated in the pipeline chart above, (i) for batoclimab, we do not own any rights outside Greater China and the trials in the United States are conducted by Immunovant, a licensee of batoclimab for certain territories outside Greater China; (ii) for tanfanercept, we do not own any rights outside Greater China and the trials in the United States are conducted by HanAll, the licensor of tanfanercept and (iii) for HBM9302, we do not own any rights outside Greater China and the trial in the United States is conducted by Ichnos, the licensor of HBM9302.

(1) Greater China includes Mainland China, Taiwan, Hong Kong and Macau.

(2) For batoclimab, (i) we initiated the registrational Phase 2/3 trial in ITP in March 2020; (ii) we plan to initiate the registrational Phase 3 trial directly in GO in 2021; (iii) taking advantage of China's newly amended rare disease policy, we plan to apply for the "breakthrough designation" in both NMOSD and MG in the first half of 2021 to seek an accelerated development pathway and priority review by the NMPA; (iv) we initiated the Phase 2 clinical trial in MG in March 2020; and (v) we initiated the Phase 1b/2 trial in NMOSD in January 2020 and anticipate reporting top-line results from this trial in the first half of 2021. The ongoing trials in ITP, MG and NMOSD have completed the first dosing of the first patient.

(3) For tanfanercept, we received approval from the NMPA in June 2020 on our registrational Phase 3 trial design and strategy and initiated this trial in August 2020.

(4) For HBM4003, we anticipate reporting top-line results from part 1 of the Phase 1 trial in Australia by early 2021. In addition, we obtained an IND approval from the U.S. FDA in January 2020 and an IND approval from the NMPA in China in September 2020, each for conducting the Phase 1 trial for HBM4003 as a monotherapy in advanced solid tumors. Furthermore, we have initiated the development of HBM4003 as a combination therapy with PD-1 for advanced solid tumors. We obtained an IND approval from the NMPA in September 2020 for HBM4003 as a combination therapy with PD-1 for various types of advanced solid tumors.

(5) Immune thrombocytopenia ("**ITP**"); Graves' ophthalmopathy ("**GO**"); Myasthenia gravis ("**MG**"); Neuromyelitis optica spectrum disorder ("**NMOSD**"); Warm autoimmune hemolytic anemia ("**WAIHA**"); Chronic inflammatory demyelinating polyradiculoneuropathy ("**CIDP**").

(6) Advanced solid tumors we intend to focus on include melanoma, MSI-H CRC and NSCLC.

(7) Ichnos Sciences, which was spun off by Glenmark in 2019.

Highlights of Our Immunology Portfolio

Our immunology portfolio includes strategically selected, in-licensed and potentially differentiated clinical assets with near-term revenue potential targeting diseases with high unmet need. Batoclimab (HBM9161) and tanfanercept (HBM9036) are our Core Products, and both of them are well positioned as the first mover to address significant unmet needs in their respective addressable markets in China.

Batoclimab (HBM9161)

Batoclimab is designed as a fully human monoclonal antibody that selectively binds to and inhibits the neonatal fragment crystallizable receptor ("**FcRn**"). FcRn plays a pivotal role in preventing the degradation of IgG antibodies. High levels of pathogenic IgG antibodies drive many autoimmune diseases. As the clinically most advanced FcRn inhibitor being developed in Greater China, batoclimab has the potential to be a breakthrough treatment for a wide spectrum of autoimmune diseases in Greater China. Furthermore, we are developing batoclimab as a subcutaneously injected regimen, which is simpler, more convenient, and allows the potential for self-administration at home.

In the pre-clinical studies and clinical trials conducted to date, batoclimab has demonstrated its therapeutic potential. In these trials, batoclimab significantly reduced IgG antibody levels while demonstrating a favorable safety profile, and is the first anti-FcRn antibody that demonstrated a sustained IgG reduction using only subcutaneous injections. In the Phase 1 clinical trial in healthy volunteers in Greater China by us, subcutaneous injection of batoclimab demonstrated excellent dose-dependent reductions in serum levels of IgG antibodies and was well-tolerated following subcutaneous injection to healthy volunteers. Batoclimab is currently ready for registrational trials in selected indications (ITP and GO) in China and is expected to benefit from the accelerated regulatory pathway for rare diseases in China.

To maximize its commercial potential, we have formulated a robust, tiered "portfolio-in-a-product" development strategy for batoclimab. We are developing batoclimab in Greater China with an initial focus on immune thrombocytopenia ("**ITP**"), graves' ophthalmopathy ("**GO**"), myasthenia gravis ("**MG**") and neuromyelitis optical spectrum disorder ("**NMOSD**"). The NMPA has granted us IND approvals to begin seamless Phase 2/3 registrational clinical trials in ITP and GO, giving us the possibility to proceed directly to the Phase 3 stage following the interim analysis report of the related Phase 2 clinical trials. In March 2020, we initiated the Phase 2/3 registrational trial in ITP. In addition, taking advantage of China's newly amended rare disease policy, we plan to apply for the "breakthrough designation" for batoclimab in both NMOSD and MG in the first half of 2021 to seek an accelerated development pathway and priority review by the NMPA. In March 2020, we initiated a Phase 2 clinical trial for batoclimab in MG. For NMOSD, we initiated a Phase 1b/2 trial in January 2020 and anticipate reporting top-line results from this trial in the first half of 2021.

In addition, we plan to gradually expand our clinical development efforts into additional indications (such as warm autoimmune hemolytic anemia ("**WAIHA**") and chronic inflammatory demyelinating polyneuropathy ("**CIDP**")) over the next few years starting later this year. All these additional indications have clear scientific rationale and high unmet medical needs in Greater China.

Tanfanercept (HBM9036)

Tanfanercept is our most advanced product candidate. It is designed to treat moderate-to-severe dry eye disease (DED), which had a prevalence of 77.1 million in China in 2019. It has a mechanism of inhibiting tumor necrosis factor (TNF)-α that causes inflammation in the eye. Tanfanercept has a potential to seize a majority market share in a fast-growing DED drug market in China.

Tanfanercept has demonstrated significant improvements in signs with an excellent safety profile and rapid onset. In the first Phase 3 trial conducted by HanAll in the United States and the Phase 2 trial conducted by us in China, tanfanercept achieved a statistically significant improvements in the total sum of superior, central and inferior corneal areas (TCSS). TCSS demonstrates efficacy across the total corneal region and has been recommended from the very beginning for assessing the treatment efficacy in DED. Therefore, using TCSS as the primary endpoint for our registrational trial in China is a compelling decision in tanfanercept's development in China. In addition, patients treated with tanfanercept reported significant reductions in clinical signs (such as ICSS, TCSS) within four weeks of initiation of treatment, in contrast with some DED products which meet their primary endpoint within three to six months of exposure. Furthermore, in the first Phase 3 trial conducted by HanAll in the United States and the Phase 2 trials in China conducted by us and the United States conducted by HanAll, most of the adverse events (AEs) reported were mild and there was no specific safety risk identified throughout these trials. In the Phase 2 trial conducted by us in China, the treatment-related adverse event rate in the 0.25% tanfanercept group was similar to that in placebo group.

Tanfanercept has a clear development plan with a confirmed regulatory pathway in Greater China. We received approval from the NMPA in June 2020 on our registrational Phase 3 trial design and strategy for tanfanercept, with the primary endpoint being sign improvements (TCSS) only. We initiated the registrational Phase 3 trial in August 2020.

Highlights of Our Immuno-Oncology Portfolio

Our immuno-oncology portfolio includes mostly internally developed next-generation immune-oncology assets targeting immune-desert, immune-excluded and inflamed tumors. Our Harbour antibody platforms provide the foundation for this portfolio. HBM4003 is the anchor asset of this portfolio.

HBM4003

HBM4003 is a next-generation, fully human anti-CTLA-4 antibody against cytotoxic T-lymphocyte-associated antigen-4 (CTLA-4), one of the major negative regulators of T cell responses. HBM4003 is the first fully human heavy chain only antibody in clinical development. It is also our first internally developed molecule which we have advanced from candidate selection to clinical stage within three years.

HBM4003 has favorable properties compared with conventional anti-CTLA-4 antibodies in pre-clinical settings. These favorable properties include (i) increased potential to deplete intratumoral Treg cells via enhanced ADCC strategy to break the significant immune-suppressive barrier of anti-cancer immunotherapies in solid tumors; (ii) promising safety profile resulting from the reduced drug exposure in the serum; and (iii) extensive combination potential with other anti-tumor or immunomodulatory antibodies, vaccines, and targeted therapies. We believe these favorable properties could potentially lead to superior efficacy and a better safety profile of HBM4003 in clinical settings and enable us to unlock the potential of HBM4003 for more innovative combination therapies.

To allow us to lead in the competition of next generation anti-CTLA-4 antibodies, we have put in place a comprehensive, risk tiered development strategy for HBM4003. First, we will carefully target potential indications for HBM4003 where there continues to be significant unmet needs, where there is a strong scientific rationale and where there has been established a proof of concept based on ipilimumab or there is a preliminary efficacy signal from available HBM4003 data. Second, among the indications we selected, we intend to explore monotherapy trials for ipilimumab-approved indications and combination therapies for other selected indications for the next few years.

Based on this development strategy, our focus is to first study HBM4003 as a monotherapy in a Phase 1 clinical trial in Australia in patients with advanced solid tumors. This Phase 1 clinical trial is the first part of our overarching China and global development program, with clinical trials conducted in China, Australia and the United States covering both mono-and combination (PD-1) therapies. We anticipate reporting top-line results from part 1 of this trial by early 2021. In addition, we obtained an IND approval from the U.S. FDA in January 2020 and an IND approval from the NMPA in China in September 2020, each for conducting a Phase 1 trial for HBM4003 as a monotherapy in advanced solid tumors. Furthermore, we have initiated the development of HBM4003 as a combination therapy with PD-1 for advanced solid tumors, including melanoma, MSI-H CRC and NSCLC. We obtained an IND approval from the NMPA in September 2020 for HBM4003 as a combination therapy with PD-1 for various types of advanced solid tumors (such as melanoma, MSI-H CRC and NSCLC).

A robust innovative portfolio of HCAb-based bispecific antibodies

Leveraging the HCAb-based immune cell engagers generated on our HBICE™ Platform, we are building a highly innovative discovery portfolio designed to expand and improve the current immuno-oncology therapies. This portfolio is spearheaded by our leading programs HBM7020 and HBM7008. HBM7020 is being developed as a bispecific antibody targeting BCMAxCD3 and has the potential to become a highly efficacious bispecific antibody to selectively deplete BCMA-positive multiple myeloma cells with minimal cytokine release and without affecting BCMA-negative cells. HBM7008 is a bispecific antibody targeting Tumor Associated Antigen (TAA)x4-1BB that not only displays high potency in the T cell co-stimulation and tumor growth inhibition, and potentially may also translate to better safety due to its strict dependency on TAA-mediated crosslinking T cell activation. We believe these attractive attributes that each of these two assets has exemplify the power of our HBICE™ Platform for development of next generation therapeutic antibodies.

To achieve our vision and maximize the commercial opportunities in antibody therapeutic development, we have developed a business model built on the following two pillars: (i) accessing world-class innovation through collaborations with reputable academics and (ii) co-discovery with reputable industry partners to build an extended portfolio. Our business model allows us to leverage our collaborators' expertise to advance the development of our proprietary product candidates and provides us with more monetization opportunities. For example, we are collaborating with Abbvie, a global leader in developing innovative antiviral therapies, Utrecht University (UU) and Erasmus Medical Center, to co-develop a fully human, COVID-19 neutralizing antibody 47D11 discovered on our Harbour antibody platforms. Recently published in Nature Communications, the antibody jointly owned by us has shown promising properties in late-stage preclinical settings. With Abbvie's support, this collaboration is an endorsement of our approach to fully human antibody discovery and development and provides an excellent opportunity to translate our research into a clinical candidate with great potential for advancing the fight against this global pandemic.

Led by our principal Founder, Dr. Jingsong Wang, a widely recognized leader in China's biotech industry, our management team and scientific advisory board have deep experience and capabilities in discovering, developing and commercializing antibody therapeutics with a particular focus on immunology and immuno-oncology therapies. In addition, our management team and scientific advisory board have on average more than 15 years of pharma research and development experience at the world's leading pharmaceutical companies and research institutions. Our management team has built a scientifically-driven and collaborative culture fostering both nimble and rational decision-making.

OUR STRENGTHS

We are a clinical-stage biopharmaceutical company engaged in the discovery and development of differentiated antibody therapeutics in immunology and oncology disease areas.

We are developing a diversified and balanced pipeline of potentially differentiated cutting-edge immunology and immuno-oncology therapies, both internally and through collaborations with global pharmaceutical and academic partners.

Harbour antibody platforms that enable us to design and discover the next generation of potentially differentiated molecules

Our Harbour antibody platforms – HCAb Platform, HBICE™ Platform and H2L2 Platform – constitute what we believe to be a comprehensive technology solution available for discovering the next generation of fully human antibody therapeutics. Through years of substantial in-house research and development efforts, our Harbour antibody platforms have evolved from a small platform generating conventional antibodies to a versatile antibody platform to address the limitations in the existing antibody discovery paradigm. Together, our platforms support our strategy of building a broad pipeline of next generation of potentially differentiated antibody therapeutics that are designed to address a wide spectrum of immunotherapies.

Our HCAb Platform is a human antibody platform that engineers "heavy chain only" antibodies (HCAb) in a wide variety of formats (such as nanobodies, bispecific or multispecific antibodies and CAR-T) and with favorable properties that are differentiated from conventional antibodies, including high affinity, high specificity, high thermostability, good solubility, low immunogenicity and low cost of engineering and production.

Leveraging the technology know-how we accumulated on our HCAb Platform, we have independently developed the HBICE™ Platform, which focuses on generating differentiated HCAb-based bispecific immune cell engagers potentially capable of delivering tumor-killing effects unachievable by combination therapies. As the only proven bispecific mechanism of action in oncology, immune cell engagers engage patients' own immune cells to identify tumor-specific antigens, with the goal of activating the cytotoxic potential of immune cells to fight cancers. As compared with the other bispecific formats for immune cell engagement, we believe the bispecifics generated on our HBICE™ Platform are able to meet more parameters determining clinical activity of bispecifics. According to the Frost & Sullivan Report, we are the only company that leverages the differentiated properties of fully human HCAbs to generate HCAb-based immune cell engagers in China.

Our H2L2 Platform generates, at a rapid rate and in a scalable fashion, classical two heavy and two light immunoglobulin chain antibodies (H2L2) with optimized fully human variable regions, allowing for endogenous affinity maturation and immune effector function.

Our Harbour antibody platforms have not only generated numerous antibodies, but also presented a significant opportunity for us to push the boundaries of the antibody therapeutics industry. In addition, we believe that the significant time and capital we have invested in developing, refining and applying our differentiated Harbour antibody platforms have provided us with competitive advantages. Our Harbour antibody platforms have been validated by over 45 industry and academic partners (such as Eli Lilly, Utrecht University, Kelun, Yinuoke, Teruisi and Chia Tai Tianqing), with six projects having entered clinical stage as of 30 June 2020. Our recent collaboration with Abbvie, Utrecht University (UU) and Erasmus Medical

Center to co-develop a fully human, COVID-19 neutralizing antibody 47D11 discovered on our Harbour antibody platforms further demonstrates the high value and potential of our Harbour antibody platforms to generate therapies for diseases with high global unmet need.

Furthermore, our Harbour antibody platforms provide the foundation for our research and a resource for the development of differentiated product candidates of our own. For example:

- *HCAb Platform*. The potential of our HCAb Platform is best demonstrated by our creation of HBM4003, our HCAb-based next-generation fully human anti-CTLA-4 monoclonal antibody, as a proof of concept story in IND enabling studies, and its short journey to the Phase 1 clinical trial in less than three years from the target identification. HBM4003 underscores the potential for HCAbs in developing the next generation of immuno-oncology therapeutics for patients. Compared with Yervoy (ipilimumab), the only marketed anti-CTLA-4 drug with a global sales revenue of US$1,489 million in 2019, HBM4003 has demonstrated favorable properties in pre-clinical settings. We believe HBM4003 has the potential to become a differentiated oncology treatment, either as a monotherapy or as a combination therapy, in advanced solid tumors which have relapsed after the standard of care (including the immuno-oncology therapy).

- *HBICE™ Platform*. We have been using HBICE™ Platform to generate multiple HCAb-based immune cell engager bispecific antibodies shepherded by HBM7020 and HBM7008, which are currently in pre-clinical development and CMC stage. HBM7020 is being developed as a BCMAxCD3 bispecific antibody targeting BCMAxCD3. Leveraging our promising pre-clinical data for HBM7020, we believe HBM7020 has the potential to become a highly efficacious bispecific antibody to selectively deplete BCMA-positive multiple myeloma cells with minimal cytokine release and without affecting BCMA-negative cells. HBM7008 is a bispecific antibody targeting TAAx4-1BB that not only displays high potency in the T cell co-stimulation and tumor growth inhibition, and potentially may also translate to better safety due to its strict dependency on TAA-mediated crosslinking.

Our integrated Harbour antibody platforms anchor an efficient antibody discovery engine to ensure sustainable innovation. Our discovery engine is supported by our comprehensive suite of in-house technology tools, including single B cell cloning empowered by the Beacon® system, single cell analysis, predictive biomarkers, bioinformatics, protein science, yeast/phage display and antibody engineering. According to the Frost & Sullivan Report, we are one of the few biotech companies in China capable of automated, direct screening of thousands of harvested plasma B cells within a short period of time. Leveraging the single B cell cloning technology, we can develop high-quality antibody leads with exceptional biophysical properties within four months on average (as compared with the industry average of nine months).

We own global rights to use and develop our Harbour antibody platforms, enabling us to maximize the value of our platforms to address global unmet medical needs.

These achievements of our Harbour antibody platforms are also a testament to our discovery team's insights and technical competence in translating target biology into points of innovation or differentiation. Driven by an experienced group of scientists with extensive research and drug development experience, our discovery team consists of employees in China and the United States with deep scientific talent and extensive experience at multinational pharmaceutical companies and has exclusive collaboration with Erasmus Medical Center in the Netherlands. They are deeply committed to advancing our mission of becoming a leader in innovative next-generation biologics.

An immunology portfolio led by strategically selected, potentially differentiated therapies targeting immunology disorders with significant addressable markets

Our immunology portfolio consists of strategically selected, in-licensed and potentially differentiated clinical assets with near-term revenue potential targeting diseases with high unmet needs. Batoclimab (HBM9161) and tanfanercept (HBM9036) are our Core Products.

Batoclimab as a potential breakthrough treatment for a broad spectrum of autoimmune diseases in Greater China

Batoclimab is designed as a fully human monoclonal antibody administered subcutaneously that selectively binds to and inhibits the neonatal fragment crystallizable receptor ("FcRn"). FcRn plays a pivotal role in preventing the degradation of IgG antibodies. High levels of pathogenic IgG antibodies drive many autoimmune diseases. We believe batoclimab has the potential to be a breakthrough treatment for a wide range of autoimmune diseases in Greater China, due to the following factors:

- *Batoclimab's mechanism of action lays out a novel approach to treat IgG-mediated autoimmune diseases, which account for approximately 75% of autoimmune diseases*. Many autoimmune diseases are associated with high levels of pathogenic IgG antibodies, but unfortunately, effective and safe treatment options for patients suffering from autoimmune diseases are lacking. Currently available treatments often fail to address patients' needs since they are limited by delayed onset of action, waning therapeutic benefit over time and unfavorable safety profiles. Batoclimab addresses these limitations by targeting FcRn, the primary protein responsible for preventing the degradation of IgG antibodies. Completed clinical trials of other anti-FcRn antibodies have produced positive proof-of-concept activity in multiple IgG-mediated autoimmune diseases. We believe that these data support FcRn as a viable pharmacologic target with the potential to address a variety of IgG-mediated autoimmune diseases.

- *Batoclimab's impressive pre-clinical and Phase 1 clinical data demonstrate its potential*. In pre-clinical studies and clinical trials in healthy volunteers conducted to date, batoclimab significantly reduced IgG antibody levels while demonstrating a favorable safety profile, and is the first anti-FcRn antibody that demonstrated a sustained IgG reduction using only subcutaneous injections. In the Phase 1 clinical trial in healthy volunteers in Greater China by us, subcutaneous injection of batoclimab demonstrated excellent dose-dependent reductions in serum levels of IgG antibodies and was well-tolerated following subcutaneous injection to healthy volunteers.

- *Our "portfolio-in-a-product" development strategy of batoclimab optimizes our development efficiency and reinforces our first mover advantages in Greater China with a possibility of seizing a majority market share in certain indications as differentiated.* Immediately after obtaining an exclusive license to develop batoclimab in Greater China, we formulated a robust, tiered "portfolio-in-a-product" development strategy of batoclimab. As the clinically most advanced FcRn inhibitor being developed in Greater China, batoclimab in Greater China was developed by us at least three years earlier than our potential competitors. We are developing batoclimab in Greater China with an initial focus on ITP, GO, MG and NMOSD, due to (i) inadequate treatment options for both MG and ITP, which are chronic and heterogeneous diseases that are likely to relapse and/or become refractory to the current available standard of care; and (ii) no treatment being approved for either GO or NMOSD in China. Leveraging the regulatory insights we gained from the NMPA, we believe we might be able to seek a fast-track development pathway for these indications. For example, the NMPA has granted us IND approvals to begin seamless Phase 2/3 registrational clinical trials in ITP and GO, giving us the possibility to proceed directly to the Phase 3 stage following the interim analysis report of the related Phase 2 clinical trials. In March 2020, we initiated the Phase 2/3 registrational trial in ITP. In addition, taking advantage of China's newly amended rare disease policy, we plan to apply for the "breakthrough designation" for batoclimab in both NMOSD and MG in the first half of 2021 to seek an accelerated development pathway and priority review by the NMPA. In March 2020, we initiated a Phase 2 clinical trial for batoclimab in MG. For NMOSD, we initiated a Phase 1b/2 trial and anticipate reporting top-line results from this trial in the first half of 2021.

  Moreover, to maximize the potential and commercial value of batoclimab, we plan to gradually expand our clinical development efforts into additional indications (such as WAIHA and CIDP) over the next few years starting later this year. All these additional indications have clear scientific rationale and high unmet medical needs in Greater China.

Based on the foregoing factors, we believe batoclimab, if approved, will help us earn patient preference and market recognition in China's fast growing autoimmune disease biologics drug market.

Tanfanercept (HBM9036) as a potential anti-TNF-α topical treatment for moderate-to-severe dry eye disease in Greater China

Tanfanercept, our most advanced product candidate. It is designed to treat moderate-to-severe dry eye disease (DED), which has a prevalence of 77.1 million in China in 2019. We believe tanfanercept is well positioned in the dry eye disease market, due to the following factors:

- *Tanfanercept has demonstrated significant improvements in signs with an excellent safety profile and rapid onset.* In the first Phase 3 trial conducted by HanAll in the United States and the Phase 2 trial conducted by us in China, tanfanercept achieved a statistically significant improvements in the total sum of superior, central and inferior corneal areas (TCSS). TCSS demonstrates efficacy across the total corneal region and has been recommended from the very beginning for assessing the treatment efficacy in DED. Therefore, using TCSS as the primary endpoint for our registrational trial in China is a compelling decision in tanfanercept's development in China. In addition, patients treated with tanfanercept reported significant reductions in clinical signs (such as ICSS, TCSS) within four weeks of initiation of treatment, in contrast with some DED products which meet their primary endpoint within three to six months of exposure. Furthermore, in the first Phase 3 trial conducted by HanAll in the United States and the Phase 2 trials in China conducted by us and the United States conducted by HanAll, most of the AEs reported were mild and there was no specific safety risk identified throughout these trials. In the Phase 2 trial conducted by us in China, the treatment-related adverse event rate in the 0.25% tanfanercept group was similar to that in placebo group.

- *Tanfanercept is positioned as the first mover to address the significant unmet medical need for moderate-to-severe DED drugs in China.* First, there is only one anti-inflammatory drug approved in China for moderate to severe DED. Second, there is only a limited number of new mechanisms of action in clinical development in China for moderate-to-severe DED, all of which are at an earlier development stage than tanfanercept, according to the Frost & Sullivan Report. Third, the prevalence of moderate and severe DED in China is expected to continue to grow due to an aging population, deteriorating environmental pollution, increase in autoimmune diseases, contact lens wear and digital screen time. According to the Frost & Sullivan Report, it is expected that the prevalence of moderate-to-severe DED in China will increase from 77.1 million in 2019 to 85.7 million in 2024 and further to 93.7 million in 2030.

- *Tanfanercept has a clear development plan with a confirmed regulatory pathway*. After the completion of the Phase 2 clinical trial conducted by us in China, we had a successful meeting with the NMPA and there was no disagreement with the NMPA on data interpretation of our Phase 2 trial. Notably, we received approval from the NMPA and China's KOLs in DED on our registrational Phase 3 trial design and development strategy for tanfanercept, with the primary endpoint being sign improvements only. We believe we are on track to approval within the existing development timeline of tanfanercept.

Based on the foregoing factors, we believe tanfanercept, if approved, will help us address the significant unmet need in China's moderate-to-severe DED drug market.

An internally developed robust immunology-oncology portfolio comprising of potentially differentiated molecules, including HBM4003, and other targets and molecules highlighted by HCAb-based bispecifics

Leveraging our Harbour antibody platforms, we have generated a portfolio of next-generation immuno-oncology assets targeting immune-desert, immune-excluded and inflamed tumors. Our immuno-oncology strategy and choice of targets aim to overcome the limited efficacy of the existing mono- or combo-therapy approaches.

HBM4003 as an HCAb-based next generation anti-CTLA-4 antibody with the potential to expand the market opportunity and application of immuno-oncology therapies

HBM4003 is a next-generation, fully human anti-CTLA-4 antibody against cytotoxic T-lymphocyte-associated antigen-4 (CTLA-4), one of the major negative regulators of T cell responses. HBM4003 is also our first internally developed compound, which we have advanced from candidate selection to clinical stage within three years.

There remains a significant unmet need for next generation anti-CTLA-4 antibodies to address the key limitations associated with the first generation (e.g., ipilimumab). Ipilimumab in combination with nivolumab has demonstrated promising efficacy in first line treatment of NSCLC, in addition to melanoma, RCC and HCC. However, ipilimumab has been reported to cause significant toxicity, largely due to autoimmune side effects, particularly in combination with nivolumab (an anti-PD-1 therapy). The toxicity profile also limits the efficacy of ipilimumab when it is used as a combination therapy and therefore limits a broader application of the first generation anti-CTLA-4 antibodies. Accordingly, the ability to address these limitations and reach a broader patient population currently untouchable by ipilimumab will be a focal point of the next generation anti-CTLA-4 antibodies.

We believe HBM4003 will be able to address this significant unmet need and has the potential to become the cornerstone of the next-generation immuno-oncology therapy, due to the following factors:

- *The development of HBM4003 has benefited from and will continue to benefit from our Harbour antibody platforms.* First, as an HCAb-based anti-CTLA-4 antibody generated on our HCAb Platform, HBM4003 has favorable properties compared with conventional anti-CTLA-4 antibodies, including without limitation, (i) lower molecular weight; (ii) superior expression, solubility and stability; (iii) more amenable to large scale GMP manufacture and (iv) ability to become a preferred combo choice for novel immunomodulatory agents. Second, our Harbour antibody platforms will provide speed, innovation and insight in the development of HBM4003, which are paramount in succeeding in the immuno-oncology space. We believe the insights that we gather into the human immune system based on our Harbour antibody platforms will enable us to access a potentially large and underexploited tumor target space for HBM4003. In addition, we believe that the speed and high efficiency at which our platforms identify and discover potentially useful hit antibodies will allow us to use multiple strategies and formats for generating an innovative immuno-oncology portfolio with HBM4003 as the backbone.

- *HBM4003 has demonstrated superior efficacy and a better safety profile compared to first-generation anti-CTLA-4 antibodies, such as ipilimumab, in pre-clinical settings*. Based on our pre-clinical data, we believe that HBM4003 will offer advantages over competing anti-CTLA-4 molecules, including: (i) increased potential to deplete intratumoral Treg cells via enhanced ADCC strategy to break the significant immune-suppressive barrier of anti-cancer immunotherapies in solid tumors; (ii) promising safety profile resulting from the reduced drug exposure in the serum; and (iii) extensive combination potential with other anti-tumor or immunomodulatory antibodies, vaccines, and targeted therapies. We believe that these favorable properties of HBM4003 will enable us to unlock its potential for more innovative combination therapies.

- *We believe our carefully planned, risk tiered development strategy of HBM4003 will allow us to lead the competition in the next generation anti-CTLA-4 antibody space.* First, we will carefully target potential indications for HBM4003 where there continues to be significant unmet needs, where there is a strong scientific rationale and where there has been established a proof of concept based on ipilimumab or there is preliminary efficacy signal from available HBM4003 data. Second, among the indications we selected, we intend to explore monotherapy trials for ipilimumab-approved indications and combination therapies for other selected indications for the next few years. Our initial focus is on CTLA-4/PD-1, the first clinically validated immunotherapy combination. We plan to gradually expand with novel combination therapies generated on our Harbour antibody platforms to further improve clinical response and the durability of response of existing therapies. Based on this

development strategy, we are studying HBM4003 as a monotherapy in a Phase 1 clinical trial in Australia in patients with advanced solid tumors. This Phase 1 clinical trial is the first part of our overarching China and global development program, with clinical trials conducted in China, Australia and the United States covering both mono-and combination (PD-1) therapies. We anticipate reporting top-line results from part 1 of this trial by early 2021. In addition, we obtained an IND approval from the U.S. FDA in January 2020 and an IND approval from the NMPA for HBM4003 in September 2020, each for conducting a Phase 1 trial for HBM4003 as a monotherapy in solid tumors. Furthermore, we have initiated the development of HBM4003 as a combination therapy with PD-1 for advanced solid tumors, including melanoma, MSI-H CRC and NSCLC. We obtained an IND approval from the NMPA in September 2020 for HBM4003 as a combination therapy with PD-1 for various types of advanced solid tumors. We believe these studies will enable us to pursue a potential pivotal trial and then seek the first BLA application for HBM4003 as a monotherapy and a combination therapy.

- *Full ownership of HBM4003 enables us to maximize the potential of HBM4003*. We believe our full ownership of HBM4003 puts us in an advantageous position to develop potentially best-in-combination or first-in-combination therapies that could produce high rates of more durable responses in patients. We believe that we are one of the few companies that are ready to advance in China, Australia and the United States to clinical stage an anti-CTLA-4 antibody and PD-1 inhibitor for use as combination therapy. In addition, our full ownership of HBM4003 allows us to adopt differentiated commercialization and collaboration strategies for HBM4003, including commercialization in all or select markets by ourselves or in collaboration with strategic partners.

A robust innovative portfolio of HCAb-based bispecifics

Leveraging the HCAb-based immune cell engagers generated on our HBICE™ Platform, we are building a highly innovative discovery portfolio designed to expand and improve the current immuno-oncology therapies. This portfolio is spearheaded by our leading programs HBM7020 and HBM7008.

HBM7020 is being developed as a bispecific antibody targeting BCMAxCD3. HBM7020 has one Fab binding to CD3 and two HCAbs binding to BCMA, which improved its selectivity to BCMA-positive MM cells. This asymmetrical "2+1" format is structurally simpler with only three peptide chains. Thereby it has potential advantages in CMC process comparing with other competitor's "2+1" format. The cross reactivity of HBM7020 to cyno BCMA and cyno CD3 enables more accurate safety evaluation in cynomolgus animal model. The optimized anti-CD3 activity further reduced cytokine release without impacting anti-tumor efficacy in pre-clinical studies. This will provide better safety window than the first generation of bispecific T cell engagers. The activity of HBM7020 was not influenced by the presence of soluble BCMA, APRIL and BAFF. HBM7020 showed robust tumor growth inhibition and complete tumor clearance at a QW dose of 0.5mg/kg in the subcutaneous NCI-H929 xenograft mouse model.

In 2019, AbbVie and Tenebio entered into a global strategic transaction to develop and commercialize the same target (HCAb-based BCMAxCD3 bispecific antibody) for treating multiple myeloma with an upfront payment of US$90 million. With this deal as a backdrop and leveraging our promising pre-clinical data for HBM7020, we believe HBM7020 has the potential to become a highly efficacious bispecific antibody to selectively deplete BCMA-positive multiple myeloma cells with minimal cytokine release and without affecting BCMA-negative cells.

HBM7008 is a bispecific antibody targeting TAAx4-1BB that not only displays high potency in the T cell co-stimulation and tumor growth inhibition, and potentially may also translate to better safety due to its strict dependency on TAA-mediated crosslinking. HBM7008 displays high efficacy and specificity. HBM7008 specifically activates the NF-kB pathway and co-stimulates T cells in a TAA-dependent manner. In vivo studies further validate a robust anti-tumor activity which also relies on TAA-mediated crosslinking. Therefore, the TAA x 4-1BB HBICE not only displays high potency in the T cell co-stimulation and tumor growth inhibition, and potentially may also translate to better safety due to its strict dependency on TAA-mediated crosslinking.

An innovative business model leveraging our productive R&D platform to lead the next generation of valuable antibody therapies

To achieve our vision and capitalize on the commercial opportunities in antibody therapeutic development, we have developed a business model built on the following pillars:

- *Accessing world-class innovation through collaborations with reputable academics.* In building and developing our antibody platforms and product portfolio, we believe that accessing external innovation, expertise and technology through collaboration with leading academic institutions is a vital strategy. We have established strong relationships with leading academic institutions around the world and expect to continue to strengthen our collaborations by, for example, seeking to provide their affiliated principal investigators with resources through sponsorship to conduct further translational and antibody discovery research in specialty fields of interest and association with personnel connected to our current projects, in exchange for obtaining for us either joint rights or the first right to negotiate for an exclusive license to any resulting innovations. Our recent collaborations on treating COVID-19 are an endorsement of this pillar of our business model.

  ➢ *Collaboration with Utrecht University (UU), Erasmus Medical Center and AbbVie*. We are collaborating with Abbvie, a global leader in developing innovative antiviral therapies, Utrecht University (UU) and Erasmus Medical Center, to co-develop a fully human, COVID-19 neutralizing antibody 47D11 discovered on our Harbour antibody platforms. Recently published in Nature Communications, the antibody jointly owned by us has shown promising properties in late-stage preclinical settings. With Abbvie's support, this collaboration is an endorsement of our approach to fully human antibody

discovery and development and provides an excellent opportunity to translate our research into a clinical candidate with great potential for advancing the fight against this global pandemic.

- *Co-discovery with reputable industry partners to build an extended portfolio.* Our co-discovery programs enable us to execute a risk-sharing and capital-efficient strategy to discover new therapies by leveraging our partners' research, CMC capabilities and capex heavy infrastructure, while retaining the potential for exclusively sharing the economic value of the new drug after commercialization. In addition, these co-discovery programs give us access to complementary novel technologies or targets that draw us closer to achieving our vision and fulfilling our core purpose. So far, we have entered into co-discovery arrangements with reputable partners, such as Hualan, Chia Tai Tianqing, Kelun, and Yinuoke. For example, we and Hualan are collaborating on programs to co-develop our proprietary BCMA×CD3 bispecific antibody, Claudin 18.2 monoclonal antibody and PD-L1×TGF-β bispecific antibody, all generated by utilizing our HCAb and H2L2 Platforms. Hualan is responsible for the costs of CMC and pre-clinical studies, and has paid us an aggregate upfront fee of RMB60.0 million (equivalent to approximately US$9.1 million) and agreed to pay us royalties at low-single-digit percentages in respect of the total annual net sales in Greater China for gaining the rights for developing and commercializing these assets in Greater China.

- *Incubating novel projects with globally leading experts in special disease areas through joint venture (JV).* We have initiated a few JV projects with an aim for broad technology and resource pooling and collaboration in the joint discovery, development and commercialization of the assets generated on our Harbour antibody platforms for treatment of rare diseases. We only select those JV partners that have complementary and in-depth expertise and resources in unique disease areas or unique technology know-how that we believe will complement or augment our Harbour antibody platforms.

Led by a world-class management team with deep industry experience and backed by blue chip investors

Led by our principal Founder, Dr. Jingsong Wang, a widely recognized leader in China's biotech industry, our management team and scientific advisory board have deep experience and capabilities in discovering, developing and commercializing antibody therapeutics with a particular focus on immunology and immuno-oncology therapies. In addition, our management team and scientific advisory board have on average more than 15 years of pharma research and development experience at the world's leading pharmaceutical companies and research institutions. Our management team has built a scientifically-driven and collaborative culture fostering both nimble and rational decision-making.

Mr. Jingsong Wang, M.D., Ph.D., is our principal Founder, Chairman and chief executive officer. Prior to founding our company, Dr. Wang served as head of China R&D and head of translational medicine, Asia Pacific, at Sanofi. He is a former attending physician and clinical fellow at Harvard Medical School. Dr. Wang received his Ph.D. in Molecular Pharmacology from China Pharmaceutical University and has also completed a Molecular Immunology Research Fellowship at Dr. Laurie Glimcher's laboratory at the Harvard School of Public Health.

Mr. Mai-Jing Liao, Ph.D., MBA, is our chief business officer. Prior to co-founding our company with Dr. Wang, Dr. Liao was at Xi'an Janssen Pharmaceutical Ltd. where he served in different roles with increasing responsibilities in Marketing, Strategic Marketing and Business Development.

Mr. Atul Mukund Deshpande, Ph.D., MBA, is our chief strategy officer and head of our U.S. operations. Prior to joining our Company, Dr. Deshpande served as Global Operations Lead of Sanofi Genzyme's Dupixent® (dupilumab) franchise to launch its multi-billion and multi-indication products across the world. Prior to that he was the head of Asia Pacific R&D Strategy at Sanofi and also worked as a consultant for over 10 years across the full value chain of pharma.

Mr. Lile Liu, is our senior vice president, head of technology platform and head of Suzhou operations. Prior to joining our Company, Mr. Liu served as vice president of biologics discovery at ChemPartner. Prior to that, Mr. Liu served as operational vice president, antibody division, at GenScript.

Mr. Xiaoxiang Chen, M.D., is our chief development officer. Prior to joining our Company, Dr. Chen served as Vice President of Medicine at the Medicine and Regulatory department at Boehringer Ingelheim.

Mr. Yiping Rong, Ph.D., is our head of discovery biology. Prior to joining our Company, Dr. Rong served as Associate Director of Cancer Research at Sanofi Asia Pacific R&D Center. Prior to that, Dr. Rong was the group leader of translational research in Janssen Discovery Center and the project leader of biologics discovery in Roche R&D.

In addition, we have assembled a scientific advisory board of seven renowned scientists who provide us with invaluable insights and guidance. We have a world-class team of highly skilled R&D professionals with extensive experience in both multi-national corporations and biotech companies globally. Our employees are our most important asset and we strive to attract and retain the most qualified people to fulfill our core purpose. See "Directors and Senior Management" and "– Our Scientific Advisory Board" for a detailed description of the credentials of members of our management team and scientific advisory board.

In addition, since our inception, we have raised over US$300 million in equity financing from our dedicated group of investors, including leading global and China-based healthcare-focused funds, such as Atlas Venture, Advantech Capital, Legend Capital, CDH, GIC, China Life, Hudson Bay, OrbiMed and Octagon. We also receive strong endorsement from these industry-leading investors, who have an in-depth understanding of China's pharmaceutical market and vast experience in investing in the biotech sector.

OUR STRATEGIES

Our vision is to bring innovative medicines for healthy life. Our mission is to become a leading company driving innovation of next generation therapeutics. We intend to achieve this by leveraging our Harbour mice technologies to design innovative molecules against a variety of drug candidate targets. We also aim to maximize the value of our technology platform both internally and with our partners across the world. Set forth below are the key elements of our strategies.

Rapidly advance clinical programs to seek regulatory approval and commercialization of our late-stage clinical assets, batoclimab (HBM9161) and tanfanercept (HBM9036), in China

Batoclimab

We are actively advancing our development programs of batoclimab as an aspiring potentially differentiated treatment in China to address critical unmet needs. Capitalizing on the regulatory tailwinds in China for innovative biologics for rare diseases, we have set out several key clinical milestones for batoclimab in China, including:

- submitting the BLA to the NMPA for batoclimab in ITP in 2023;
- initiating a Phase 3 registrational trial for batoclimab in GO directly in 2021 and submitting the BLA to the NMPA in 2023;
- applying for the "breakthrough designation" for batoclimab in MG in the first half of 2021, and submitting the BLA to the NMPA in 2022; and
- applying for the "breakthrough designation" for batoclimab in NMOSD in the first half of 2021 and submitting the BLA to the NMPA in 2022.

MG and NMOSD are currently included in China's Rare Disease List, which provides an accelerated regulatory pathway to approval and commercialization. In addition to the indications we are currently studying, we intend to maximize the probability of success of batoclimab by leveraging batoclimab's differentiated profile in target indications where the anti-FcRn mechanism has already established clinical proof-of-concept (such as WAIHA and CIDP), such that batcoclimab will have the potential to be differentiated in those indications. We intend to develop batoclimab in target indications with clear biologic rationale and where there are no other competitors developing anti-FcRn therapies for.

Furthermore, in order to commercialize batoclimab in the indications we are studying, or any other future indications, if approved for commercialization, we plan to develop a sales and marketing infrastructure. We plan to build our own specialized sales force to commercialize batoclimab, targeting specialist physicians that focus on treating a large pool of patients with autoimmune conditions. We believe these physicians can provide us access to a majority of patient population with the autoimmune indications that we intend to target and they most often serve as the diagnosing and treating physicians for such indications. We may also opportunistically seek strategic collaborations to maximize the commercial opportunities for batoclimab in Greater China.

Tanfanercept

We intend to expedite clinical trials of tanfanercept and seize the first mover advantage to rapidly capture the massive DED market in China. Immediately after in-licensing tanfanercept, we formulated a robust clinical development strategy. With the trial design finalized with the NMPA, we initiated the registrational trial as a topical treatment in patients with DED in Greater China in August 2020, with an aim to submit the BLA to the NMPA in 2022.

Given the importance of increasing awareness and educating patients with DED, we also anticipate deploying focused campaigns for tanfanercept. For example, we have actively contributed to the drafting of China's Dry Eye Disease Treatment Guidelines to help shape the treatment landscape of DED. In addition, to optimize the development of tanfanercept, we will also continue to develop and maintain key opinion leader relationships for their endorsement. Furthermore, we intend to apply to have tanfanercept included in the NRDL. Inclusion of a drug in the NRDL typically results in a much higher sales volume and significant sales growth despite a reduction in price.

In terms of commercialization of tanfanercept, we may selectively explore commercialization of tanfanercept in China utilizing a variety of collaboration, distribution and other marketing arrangements with one or more qualified contract sales organizations.

Continue to develop and advance immuno-oncology differentiated molecules, including HBM4003, HBM7020 and HBM7008, among others, by utilizing our next generation technology platforms

HBM4003

We are actively advancing clinical trials of HBM4003 to unlock its full value in China, Australia and the United States. As part of our overall development strategy of HBM4003, we will carefully target potential indications for HBM4003 that meet the following criteria:

- *Unmet Needs*. There must continue to be significant unmet medical needs for the selected indications, in particular, tumor types without approved anti-CTLA-4/immuno-oncology treatment or "niche" indications without available efficacious therapy globally, or tumor types with high prevalence with huge unmet needs.

- *Scientific rationale*. The selected indications must contain immune-hot tumors (with abundant Tregs) or immuno-suppressed tumors which are anticipated to respond well to immune checkpoint inhibitors.

- *Proof of concept*. The selected indications must have a preliminary efficacy signal from available HBM4003 data or have an established proof of concept from clinical trials of other products (such as ipilimumab).

Based on these criteria, we have set out several key clinical milestones for HBM4003, including:

- reporting top-line results of part 1 of the Phase 1 trial of HBM4003 as a monotherapy in patients with solid tumors in Australia;

- initiating part 2 of the Phase 1 monotherapy trial by early 2021 on advanced solid tumors in China, Australia and the United States; and

- initiating a China development program as a combination therapy (with PD-1) by early 2021 in melanoma, followed by advanced solid tumors, such as MSI-H CRC and NSCLC.

We hold worldwide commercialization rights to HBM4003. Given the significant unmet medical need for a more effective checkpoint inhibitor to treat cancers globally, including in Australia, China, Europe and the United States, we may decide to build our own focused, specialty sales force in order to commercialize HBM4003 in Australia, China, Europe and the United States and, when economically attractive, evaluate and enter into development and marketing agreements with pharmaceutical and biotechnology partners for geographic areas in which we are unlikely to pursue development and commercialization on our own.

Our innovative discovery portfolio built upon our HCAb Platform and HBICE™ Platform

We generate our internally developed drug candidates from our HCAb Platform and HBICE™ technology. We plan to continue to leverage our HCAb Platform and HBICE™ technology to build a portfolio of differentiated bispecific and multispecific candidates and drugs in other modalities with HCAb-based immune cell engagers. We plan to develop these drug candidates to target a range of differentiated immune mechanisms and progress these product candidates into clinical development. We intend to advance our existing pre-clinical stage assets into clinical development, including (i) HBM7020, a bispecific antibody targeting BCMAxCD3 equipped with HCAb-based immune cell engagers, (ii) HBM1007, a allosteric fully human antibody against CD73 ectoenzyme activity; (iii) HBM7015, a bifunctional fusion protein, consisting of a fully human IgG1 monoclonal antibody against PD-L1 and the soluble extracellular domain transforming growth factor, beta receptor II (TGFBR2) and (iv) HBM7008, a bispecific antibody targeting TAAx4-1BB equipped with HCAb-based immune cell engagers.

Maximize the value of our Harbour antibody platforms through our extensive network and collaborations

Built upon our strong track record of co-discovery and academic collaborations for our platforms, we will continue to work closely with our existing strategic partners to help advance multiple programs developed using our platforms. We expect these existing strategic partnerships to continue to provide non-dilutive funding, broaden the scope of our development efforts and have the potential to provide clinical validation.

In addition, we expect to continue to explore additional or expanded strategic and geographic-oriented relationships with top-tier biopharmaceutical companies or academic institutions to derive further value from our platforms and more fully exploit their potential. We will also continue to engage with leading experts in our areas of interest and expand our scientific and clinical capabilities.

Given the breadth of opportunities that our technologies and platforms provide, we plan to continue to adopt a flexible approach with respect to the types of partnerships, with an aim to explore more co-discovery and joint venture opportunities. We intend to continue to execute a risk-sharing and capital-efficient strategy to discover new therapies by leveraging our partners' research, CMC capabilities and capex heavy infrastructure, while retaining the potential for exclusively sharing the economic value of the new drug after commercialization in key strategic markets. We believe that this strategy will enable us to leverage our Harbour antibody platforms through additional high-value partnerships, help to more rapidly advance our discovery efforts, technology platforms and products candidates.

Continue to upgrade our antibody platform technologies to consistently and repeatedly provide the tools to design and develop differentiated molecules

We intend to preserve and extend our leadership position by continuing to invest in our platforms and new technologies.

First, we plan to continue to pursue revolutionizing our internally developed platform technologies to unlock the full potential of our Harbour antibody platforms, including technologies that will enable us to develop multi-format and multifunctional antibodies with potent efficacy and improved safety.

Second, by leveraging collaborations with leading biotech companies and reputable academic institutions, we plan to consolidate multi-disciplinary cutting-edge technologies into our platforms to further enhance antibody discovery and screening efficiency.

Third, we will continue to invest in our platforms to discover more innovative antibodies beyond the current paradigm. For example, we intend to develop the ability to discover tailor-made biomarker-oriented therapies to select potential responders, predict and measure target engagement, support dose determination and enable timely informed decisions on advancing our assets to the next phase of clinical development. We also intend to explore new delivery methods for antibodies (such as RNA-related and other novel delivery method with unique features).

Build a fully integrated biopharmaceutical platform with manufacturing and commercialization capabilities

To realize our vision to become a leading global biopharmaceutical company and unlock the full potential of our technology platforms, we intend to gradually build our customized and integrated capabilities across discovery, pre-clinical and clinical development, manufacturing, and commercialization.

Commercialization strategy

We intend to adopt a tailored commercialization strategy for each of our drug candidates. We plan to develop our own sales and marketing infrastructure for batoclimab and HBM4003 in China and retain the possibility of seeking strategic collaborations for HBM4003 in certain geographic areas in which we are unlikely to pursue development and commercialization on our own. For tanfanercept, to ensure quick uptake and broad patient access, we may selectively explore commercialization of tanfanercept in China with a qualified organization who has the branding and commercial capabilities in ophthalmology.

Two-step manufacturing approach built upon established CMC capabilities

We believe developing our internal manufacturing capacity is important to enable further process improvements, maintain quality control, limit our reliance on contract manufacturers and protect our trade secrets and other intellectual property. We currently adopt a two-step approach to build out our own manufacturing capabilities in the future in China.

- In the near term, we plan to utilize the CMC capabilities of our third-party CMOs and co-discovery business partners to build expertise in manufacturing process and accumulate related know-how.

- In the mid-to-long term, we intend to build our own biologics manufacturing facility in China to produce drug substance and drug products for clinical use and future commercial use. We expect to fully leverage our HCAb-based technological advantages and build our scalable and efficient manufacturing core competence in the future.

Continue to build a specialized multi-national biotech company

We positioned ourselves as a pioneer that combines what we believe to be the best technologies with the best portfolio products to meet patient needs around the globe. With operations in the United States, Europe and China, we are already a corporation with multi-national presence. We intend to continue to combine the wave of local innovation from Boston, the Netherlands and China with ambition of delivering on unmet patient needs. China plays a critical role in our overall strategy as it now offers a supporting regulatory landscape as well as an attractive innovation ecosystem. We intend to continue to leverage all the resources available in China to drive the growth and maturation of our portfolio and support our ambitions alongside our footprint in the United States and Europe. Furthermore, we will continue to seek opportunities for innovation by leveraging our forefront platform technologies and aim to establish a worldwide end-to-end capability that is empowered by our diversified partnership network.

OUR HARBOUR ANTIBODY PLATFORMS

Creating antibodies against targets and validating them as potential therapies have been time consuming and labor-intensive. A significant unmet need remains for antibody platform technologies that are more efficient and cost-effective in antibody discovery. We believe that our H2L2, HCAb and HBICE™ antibody discovery platforms may be able to address certain key limitations of the current antibody discovery paradigm.

Our H2L2 Platform enables us to generate the classical immunoglobulin chain antibodies with fully human variable regions at a rapid rate and in a scalable fashion. Our HCAb Platform enables us to develop antibody fragment-based therapeutics (such as nanobodies, bispecific antibodies) with favorable drug-like properties and features and can greatly expand the landscape of bispecific antibodies with innovative formats.

Furthermore, leveraging the technology know-how from our HCAb Platform, we have independently developed the HBICE™ Platform, which focuses on generating differentiated discovery bispecifics with HCAb-based immune cell engagers potentially capable of delivering tumor-killing effects unachievable by combination therapies. According to the Frost & Sullivan Report, we are the only company that leverages the differentiated properties of fully human HCAbs to generate HCAb-based immune cell engagers in China.

Together, our antibody platforms constitute what we believe to be a comprehensive technology solution for discovering the next generation of fully human antibody therapeutics. In addition, the technologies underlying our three antibody discovery platforms can synergize with each other and jointly push the boundaries of antibody discovery beyond those that have been seen.

Our Harbour antibody platforms provide the foundation for the development of our immuno-oncology portfolio on our own or with our partners. Our Harbour antibody platforms have been validated by over 45 industry and academic partners, with six projects having entered clinical stage as of 30 June 2020.

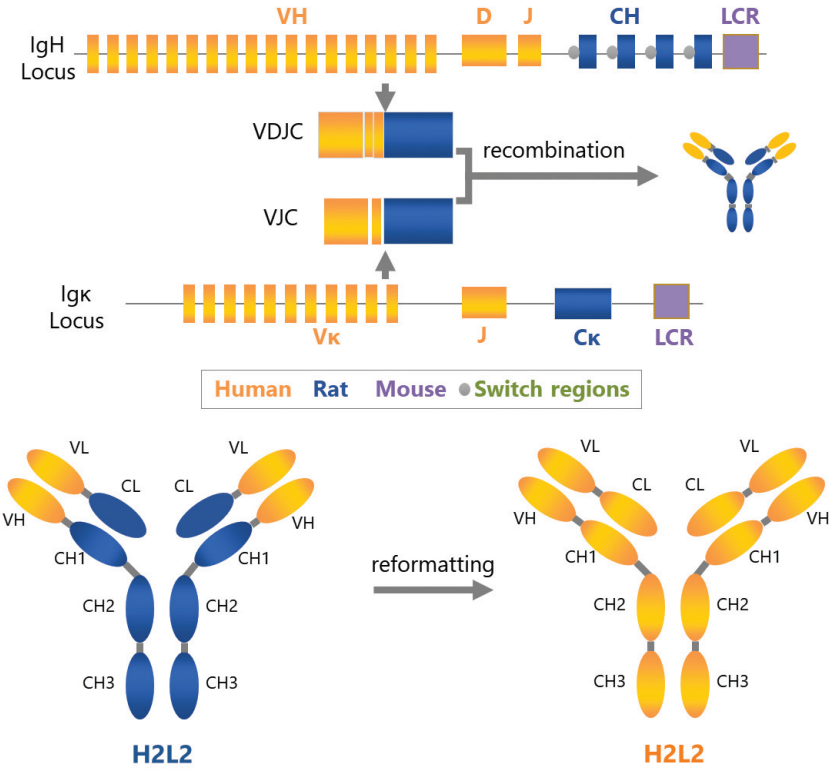
We own global rights to use and develop our Harbour antibody platforms, enabling us to maximize the value of our platforms to address global unmet medical needs. Accordingly, our Harbour antibody platforms provide us with the strategic options to either retain full economic rights to innovative antibody therapeutics or seek favorable economic terms through advantageous commercial partnerships.

H2L2 Platform: Our Full IgG Antibody Discovery Platform

Our H2L2 Platform uses the second generation H2L2 transgenic mouse to produce classical antibodies (immunoglobulins with two heavy and two light chains) with fully human variable regions, allowing for endogenous affinity maturation and immune effector function.

How H2L2 Antibody is Generated on Our H2L2 Platform

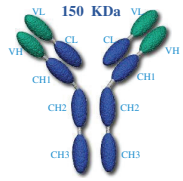
Our H2L2 Platform generates H2L2 antibodies through a natural in vivo process. We have developed technologies that allow for the direct and immediate generation of genetically altered H2L2 mice from embryonic stem cells (ES cells), thereby avoiding the lengthy process involved in generating and breeding knockout mice from chimeras. In addition, we have generated very large chromosomal constructs comprising human V, D and J genes and a rodent C region, assembled as yeast artificial chromosomes. These constructs, which are in the megabase scale, have been introduced into mice to generate a series of related mice with different V-gene diversity. In response to antigen challenge, the engineered H2L2 mice produce in vivo affinity-matured, target-specific human antibodies with low risk for immunogenicity. The reforming process of H2L2 antibodies from a rat constant region to a human constant region is not associated with longer development time or additional cost. First, the B cells of H2L2 mice generate antibodies composed of human variable regions and rat constant regions. After the DNA sequences of human variable regions are retrieved by conventional sequencing or next-generation sequencing technologies, fully human IgG antibodies can be generated by fusing human variable regions with human constant regions through simple and routine molecular biology techniques, which require no additional efforts or cost. Second, utilizing rat constant regions in the transgenic mice has the following advantages over other transgenic mice technologies that employ human or mouse constant region: (i) using rat constant regions can retain native B-cell signaling that is critical for B cell development in a mouse background, leading to a stronger immune response and improved antibody maturation compared with human constant regions used in the first generation of transgenic mice; and (ii) using rat constant regions can make human/rat chimeric antibodies from B cells, which can differentiate from mouse antibodies generated from endogenous mouse Ig loci and ultimately better facilitate the B cell screening process.



Key Features of the H2L2 Platform

The H2L2 mouse features an immune response comparable to normal mice and offers diverse human V-gene usage and produces antibodies with human kappa light chains and rat IgG1, IgG2b, IgG2c and IgM heavy chain isotype subclasses. As illustrated in the diagram below, the antibody formats generated on our H2L2 platform typically contain the following key features.

H2L2-Full IgG



- High titers and excellent diversity
- Intact somatic hypermutation and class switching
- Normal antibody maturation *in vivo*
- Diverse V gene usage
- Antibody hypermutation/ affinity maturation
- Affinity ranging pM to nM
- Mouse endogenous heavy chain & light chains were deleted
- Successfully generated mAbs against almost all targets spanning multiple epitopes

Application of Our H2L2 Platform

Leveraging our H2L2 Platform, we offer the potential to increase the speed and efficiency through which human antibody therapeutics may be discovered and validated, thereby improving the overall efficiency of our and our partners' early stage drug development activities.

To date, we have generated multiple differentiated antibodies on this platform, spearheaded by the leading programs HBM1007 and HBM7015, which are both currently at the CMC and pre-clinical development stage. HBM1007 is a novel allosteric fully human antibody against CD73 for the treatment of solid tumors. In the ongoing pre-clinical studies, HBM1007 has shown a superior activity of inhibiting the adenosine-mediated suppression on T cell immunity and tumor growth in cancers with upregulated CD73 expression compared to other anti-CD73 molecules. HBM7015 is a bifunctional fusion protein for the treatment of solid tumors. HBM7015 consists of a fully human IgG1 monoclonal antibody against PD-L1 generated on our H2L2 Platform and the soluble extracellular domain transforming growth factor, beta receptor II (TGFBR2) from the natural human TGFbRII protein sequence. By our in-house antibody engineering design, these two parts are fused together to generate the differentiated bifunctional fusion protein. In the ongoing pre-clinical studies, HBM7015 has shown superior synergistic anti-tumor activity than PD-L1 or TGFBR2 alone.

HCAb Platform: Our Next-Generation Heavy-Chain-Only Antibody Discovery Platform

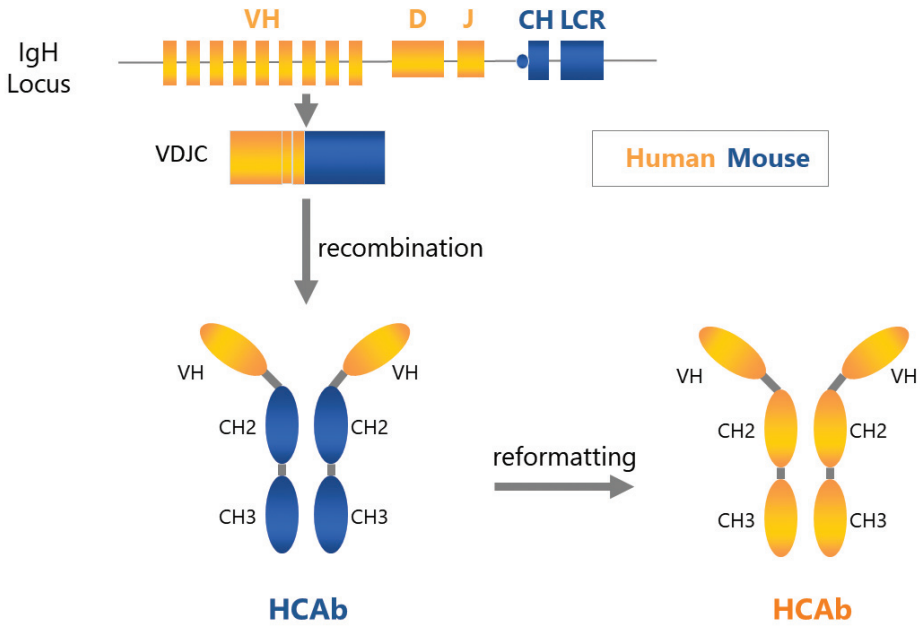
Our HCAb Platform is an antibody platform that generates fully human "heavy chain only" antibodies (HCAb). It is an innovative tool for pioneering this next - generation technology and is the first HCAb transgenic animal platform ever generated and applied to therapeutic antibody discovery.

How HCAb is Generated on Our HCAb Platform

Unlike a conventional whole antibody, an HCAb consists of two heavy chains only and lacks the two light chains, with molecular weight half-size of conventional IgG antibody. HCAb possesses differentiated properties that enable it to excel a conventional therapeutic antibody. For example, HCAb can be easily transformed into smallest antigen-binding protein – a VH-only single-domain antibody with small molecular weight (13-15 kDa) and relatively smaller antigen binding interface. These properties make single-domain antibodies easier to transform into bacterial cells for bulk production to reduce manufacturing cost, and capable of binding to narrow or buried sites on the antigen that are inaccessible to conventional IgG antibodies.

On this platform, fully human HCAbs are engineered through our HCAb mice, wherein the mouse VH loci were replaced with selected human VH genes, concurrent with the CH1 gene deletion and endogenous mouse light chain gene loci deleted. Our HCAb mice produce a huge diversity of fully human VH domains from selected, frequently expressed and soluble human V-gene germline families in a background completely devoid of mouse antibodies with in vivo maturation. In addition to fully human HCAbs, this platform also generates building blocks for bispecific antibodies and fully human single-domain antibodies. Our HCAb mice are able to generate soluble and stable HCAb and HBICE antibodies without formation of aggregates. First, we carefully select a subset of human VH genes to introduce into HCAb mice. These human VH genes are carefully selected based on their intrinsic solubility and their similarity to camelid VH genes. Second, to generate soluble and stable HCAb antibodies, we leverage the *in vivo* evolution of HCAb mice during B cell development inside HCAb mice upon immune responses, such as introducing hydrophilic residue substitution to compensate hydrophobic regions by VDJ rearrangement and somatic hypermutations. Third, we have an advanced single B cell cloning technology (the Beacon system) for murine plasma cell enrichment, single B cell separation in chip, antibody binding and functional in-chip screening methods, single cell antibody sequencing and high throughput recombinant antibody production and verification. Compared with traditional monoclonal antibody screening technologies, our single B cell cloning technology can greatly increase the efficiency and productivity of antibody drug discovery. HBM4003 is a great example to demonstrate our ability to generate soluble and stable HCAb antibodies. As the first compound developed from our HCAb Platform that we have advanced from candidate selection to clinical stage within

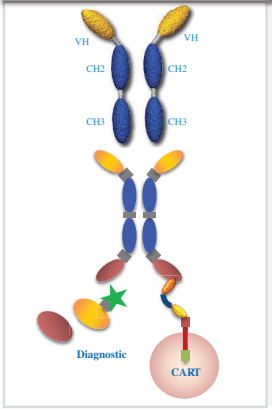
only three years, HBM4003's CMC yield, stability and solubility have surpassed the industry criteria. Accordingly, leveraging our HCAb mice's *in vivo* natural selection and our *in vitro* high-throughput B cell cloning and screening technology, we can identify soluble and stable HCAb, and generate HBICE molecules afterwards.



Key Features of HCAbs Generated on Our HCAb Platform

As illustrated in the diagram below, the antibody formats generated on our HCAb platform typically contain the following key features.

HCAb-Heavy Chain Only Ab



- High titers and good diversity
- Hypermutations in CDRs, High human VH diversity
- Affinity ranging nM to sub-nM
- Thermostable & non-aggregating
- Bi-specific and other innovative modalities
- Mouse endogenous heavy chain & light chains were deleted
- Potent HCAbs raised against
  ✓Receptors and Ligands, Bacteria and Viruses, Peptide Hormones
- Potential applications: bispecifics, CAR-T, diagnostics, topical application, carrier for conjugates, etc.

Application of Our HCAb Platform

We believe our HCAb platform presents an exciting opportunity to help design and produce multi-specific and multiformat antibodies that could lead to the discovery and development of the next generation of antibody therapeutics to better address unmet patients' needs. We have been using our HCAb Platform to generate a robust portfolio of next generation immuno-oncology assets, led by HBM4003, our HCAb-based next-generation anti-CTLA-4 monoclonal antibody. Besides, HCAb platform is the foundation of our growing HCAb-based bispecific antibody programs, and consistently supplies "ammo" for our "Bispecific Arsenal."

HBICE™ Platform: An HCAb-Based Platform For Immune Cell Engagers

Bispecific antibodies (bsAbs) are the new emerging trends in the therapeutic antibody market. Immune cell engagers represent the largest group of bispecific antibodies with mechanisms of action through bridging immune cells and tumor cells and consequently triggering a signal cascade that leads to the destruction of tumor cells. Of the three approved bsAbs globally, Catumaxomab (approved by EMA in 2009) and blinatumomab (approved by US FDA in 2014) are immune cell engagers; and 80% of clinical trials for bsAbs fall into this category.

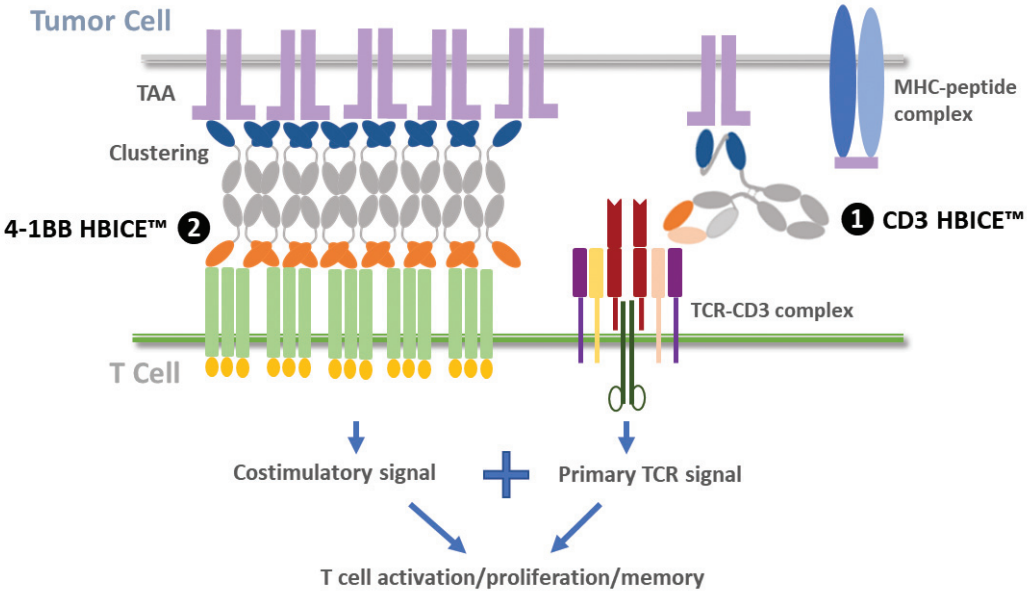
Leveraging the capability of our HCAb platform in generating diverse and stable fully human HCAbs and deriving human VH single-domain moieties, we have established HBICE™ (HCAb Based Immune Cell Engagers) platform as technology expansion of HCAb to quickly develop multi-specific antibodies which redirect immune cells to the tumor microenvironment (TME) to eradicate tumors. HBICE™ has a few advantages over other bispecific platforms; notably, it provides the flexibility of various molecular architectures to adapt to challenging targets and novel MoA. Furthermore, leveraging HBICE™ platform, we have been establishing innovative immune cell engager bsAb portfolio to overcome the challenges at solid tumors in which CAR-T is less efficacious.

How HBICE is Generated on Our HBICE™ Platform

Leveraging state of the art antibody engineering techniques, we have generated various HBICE bispecific molecules with different formats which can bring novel biological mechanisms of action by fine tuning the avidity and affinity of each target-binding moiety. We have also established high efficiency in vitro assays to characterize these bispecific molecules, in which they can activate primary human immune cells (such as T cells) in the presence of tumor cells expressing the specific targets, and consequently deliver specific cytotoxicity to the tumor cells.

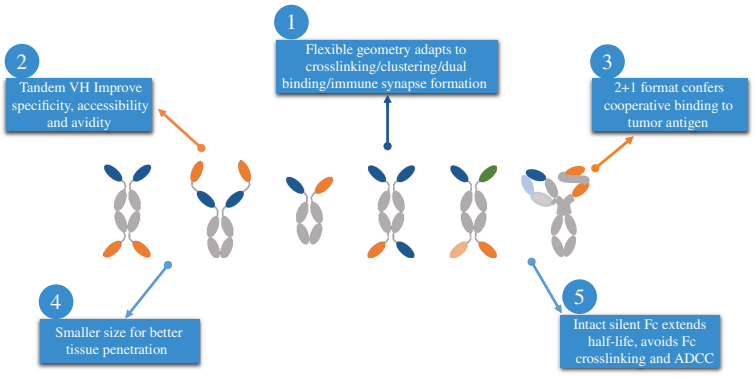
HBICE™ molecules recognize and bind both specific tumor associated antigens (TAA) on tumor cells and CD3 or costimulatory molecules on immune cells such as T cells or NK cells, resulting in efficient and selective activation of immune cells in the TME, thereby preventing non-specific activation of peripheral immune cells, which may bring better safety profile at clinical settings.

Taking the CD-3 HBICE™ as an example, T cell's fully activation relies on both first signal triggered by TCR/MHC interaction and a second signal (costimulatory signal) cascaded by costimulatory molecules, as illustrated below. Bypassing the conventional T cell activation pathway triggered by TCR-MHC interaction, CD3-targeting HBICE™ molecules can elicit a polyclonal T cell response to overcome immune escape mechanisms, such as downregulation of antigen presentation in a non-MHC restricted fashion. However, T cells in the TME are often in sub-optimal conditions in absence of the costimulatory signal, and result in low responses at "cold tumors." Our solution is to boost immune cells via both first and second signals. Supplementation of HBICE™ antibodies targeting the costimulatory molecules results in TAA-mediated clustering of costimulatory molecules and subsequent activation of the downstream pathway, providing a costimulatory signal for complete activation of T cells, which leads to more effective tumor eradication as well as improved safety profile.



Key Features of HBICE Generated on Our HBICE™ Platform

As the only proven bispecific mechanism of action in oncology, immune cell engagers engage patients' own immune cells to identify tumor-specific antigens, with the goal of activating the cytotoxic potential of immune cells to fight cancers. As compared with the other bispecific formats for immune cell engagers, we believe the bispecifics generated on our HBICE™ Platform are able to meet more parameters determining clinical activity of bispecifics, as illustrated below.



Parameters determining clinical activity of bispecific antibodies

- ❑ Bispecific formats / properties
  - ✓ Geometry
  - ✓ Valences
  - ✓ Affinities
  - ✓ PK properties
  - ✓ Molecular size
- ❑ Manufacturability
  - ✓ Less complexity (fewer number of chains)
  - ✓ Good biophysical properties
- ❑ Biology factors
  - ✓ Tumor antigen
  - ✓ Immune contexture
  - ✓ Engager selection

Application of Our HBICE™ Platform

We are developing bispecific immune cell engagers with tumor-killing effects that cannot be readily achieved by combination therapies. We have generated multiple HCAb-based immune cell engager bispecific antibodies that are tailor-made to function as novel fortified antibodies, spearheaded by the leading program HBM7020 as the example of HBICE™ targeting on primary TCR signal, which is currently in pre-clinical development and CMC stage. HBM7020 brings together anti-BCMA VH domains with an engineered CD3 binding moiety for the potential treatment of multiple myeloma, the mechanism of which has been validated in a series of *in vitro* and *in vivo* studies, providing a solid basis for clinical validation in cancer patients. Besides, HBM7008 is another important bispecific program as the example of HBICE™ targeting on costimulatory signal via 4-1BB, which not only shows high efficacy in the T cell co-stimulation and tumor growth inhibition and potentially may also translate to better safety.

Business Partnerships on Our Harbour Antibody Platforms

It is an integral part of our strategy to build truly innovative products both in-house and with our partners. Our Harbour antibody platforms have been validated by over 45 industry and academic partners, with six projects having entered clinical stage as of 30 June 2020.

We engage in partnerships on our platforms primarily through different models, including academic collaborations, co-discovery, joint venture and out-licensing. We expect to continue to work closely with our existing strategic partners to help advance multiple programs developed using our platforms. In addition, we expect to continue to explore additional or expanded strategic and geographic-oriented relationships with top-tier biopharmaceutical companies or academic institutions to derive further value from our platforms and more fully exploit their potential.

- *Academic collaborations*. Under the academic collaboration model, we typically provide reputable research institutions, such as Utrecht University and Erasmus Medical Center, with access to our Harbour Mice technologies, with or without additional grants for antibody discoveries. Our academic partners usually provide us with support through the pre-clinical activities, while we take on more responsibility in undertaking preparations for later stage pre-clinical and clinical development work. In return, we gain the first rights to exclusive licensing, sharing returns on licensing by our partners to third parties or owning full or partial rights to antibody candidates, depending on pre-defined terms. Our recent collaboration with Abbvie, Utrecht University (UU) and Erasmus Medical Center to co-develop a fully human, COVID-19 neutralizing antibody 47D11 discovered on our Harbour antibody platforms further demonstrates the high value and potential of our Harbour antibody platforms to generate therapies for diseases with high global unmet need.

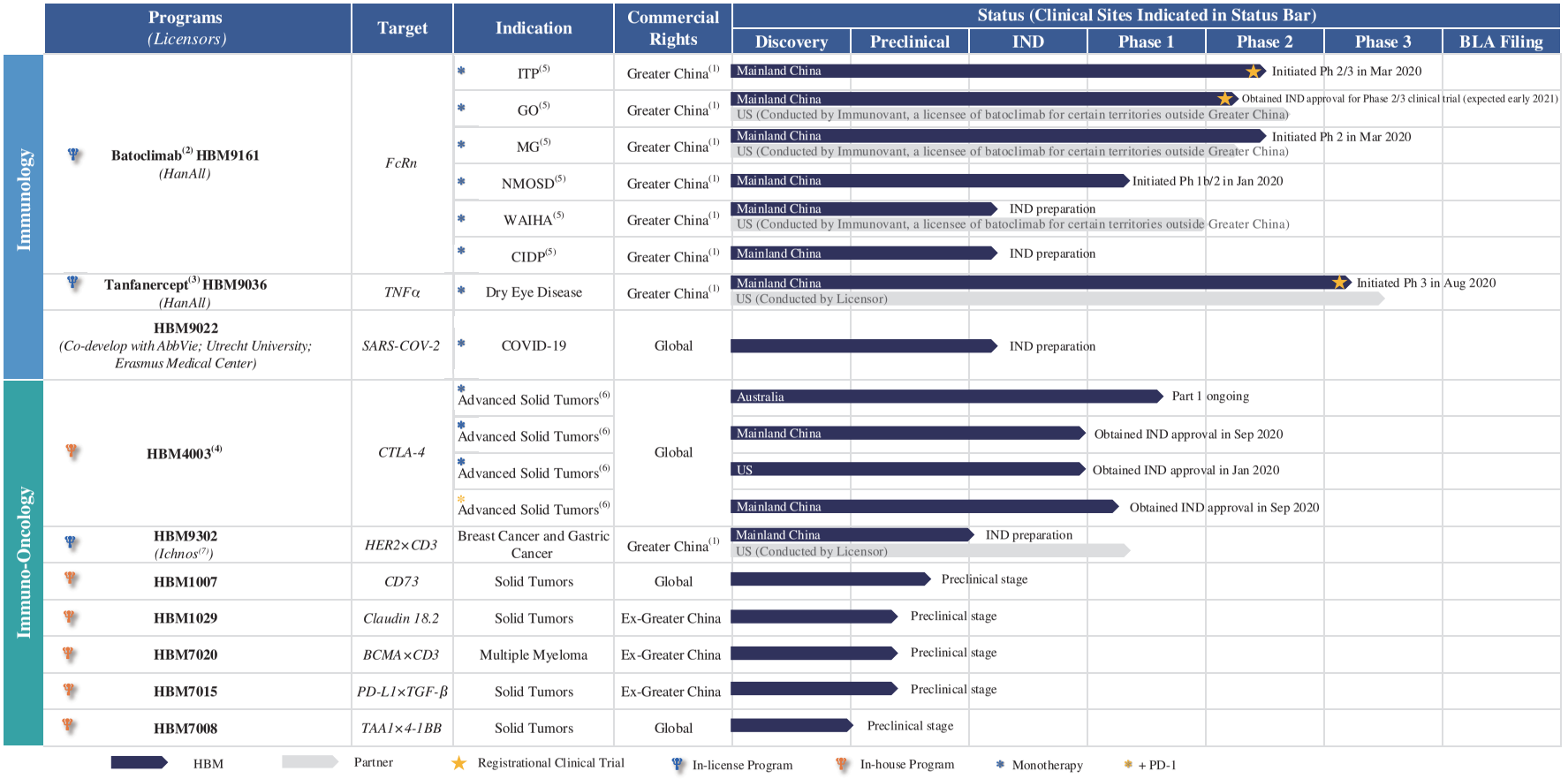
- *Co-Discovery*. Under the co-discovery model, we typically work with our partners (such as Hualan, Chia Tai Tianqing, Kelun and Yinuoke) together to select targets, generate and validate novel antibodies against tumor and/or immunology antigens, with the collective goal of generating commercially viable therapeutic candidates. We will jointly or separately develop by geographic regions through clinical studies and further commercialize based on pre-defined arrangements.

- *Joint venture.* With highly selected partners who have deep knowledge and insights on special diseases or technology areas, we may choose to create joint ventures with them to explore highly innovative programs to address high unmet medical needs. We have initiated a few JV projects with an aim for broad technology and resource pooling and collaboration in the joint discovery, development and commercialization of the assets generated on our Harbour antibody platforms for treatment of rare diseases.

- *Out-licensing*. Under the out-licensing model, we typically license rights to use our platform to our collaborators (such as Eli Lilly) for multiple projects over a multi-year licensing term without necessarily disclosing the nature of the projects to us. In addition, we sometimes choose to out-license the compounds generated on our Harbour antibody platforms to our partners (such as Teruisi). Under the out-licensing model, we may receive an upfront payment, fees and milestones, as well as royalties based on net sales.

OUR DRUG CANDIDATES

We have built our pipeline through our innovative internal discovery programs and through in-licensing clinical stage assets that strategically fit our portfolio. The chart below summarizes the development status of our drug programs as of the Latest Practicable Date. Batoclimab and tanfanercept are our Core Products.



* As indicated in the pipeline chart above, (i) for batoclimab, we do not own any rights outside Greater China and the trials in the United States are conducted by Immunovant, a licensee of batoclimab for certain territories outside Greater China; (ii) for tanfanercept, we do not own any rights outside Greater China and the trials in the United States are conducted by HanAll, the licensor of tanfanercept and (iii) for HBM9302, we do not own any rights outside Greater China and the trial in the United States is conducted by Ichnos, the licensor of HBM9302.

(1) Greater China includes Mainland China, Taiwan, Hong Kong and Macau.

(2) For batoclimab, (i) we initiated the registrational Phase 2/3 trial in ITP in March 2020; (ii) we plan to initiate the registrational Phase 3 trial directly in GO in 2021; (iii) taking advantage of China's newly amended rare disease policy, we plan to apply for the "breakthrough designation" in both NMOSD and MG in the first half of 2021 to seek an accelerated development pathway and priority review by the NMPA; (iv) we initiated the Phase 2 clinical trial in MG in March 2020; and (v) we initiated the Phase 1b/2 trial in NMOSD in January 2020 and anticipate reporting top-line results from this trial in the first half of 2021. The ongoing trials in ITP, MG and NMOSD have completed the first dosing of the first patient.

(3) For tanfanercept, we received approval from the NMPA in June 2020 on our registrational Phase 3 trial design and strategy and initiated this trial in August 2020.

(4) For HBM4003, we anticipate reporting top-line results from part 1 of the Phase 1 trial in Australia by early 2021. In addition, we obtained an IND approval from the U.S. FDA in January 2020 and an IND approval from the NMPA in China in September 2020, each for conducting the Phase 1 trial for HBM4003 as a monotherapy in advanced solid tumors. Furthermore, we have initiated the development of HBM4003 as a combination therapy with PD-1 for advanced solid tumors. We obtained an IND approval from the NMPA in September 2020 for HBM4003 as a combination therapy with PD-1 for various types of advanced solid tumors.

(5) Immune thrombocytopenia ("ITP"); Graves' ophthalmopathy ("GO"); Myasthenia gravis ("MG"); Neuromyelitis optica spectrum disorder ("NMOSD"); Warm autoimmune hemolytic anemia ("WAIHA"); Chronic inflammatory demyelinating polyradiculoneuropathy ("CIDP").

(6) Advanced solid tumors we intend to focus on include melanoma, MSI-H CRC and NSCLC.

(7) Ichnos Sciences, which was spun off by Glenmark in 2019.

Batoclimab (HBM9161): A Potential Differentiated Anti-FcRn Antibody for Autoimmune Diseases

Summary

Batoclimab is a fully human monoclonal antibody that selectively binds to and inhibits the neonatal fragment crystallizable receptor ("**FcRn**"). FcRn plays a pivotal role in preventing the degradation of immunoglobulin G ("**IgG**") antibodies. The high levels of pathogenic IgG antibodies drive many autoimmune diseases.

In 2017, we obtained an exclusive license from HanAll to develop batoclimab in Greater China. Batoclimab was undergoing a Phase 1 clinical trial in Australia when we in-licensed this product from HanAll. We are developing batoclimab in Greater China with an initial focus on immune thrombocytopenia (ITP), graves' ophthalmopathy (GO), myasthenia gravis (MG) and neuromyelitis optical spectrum disorder (NMOSD).

In the Phase 1 clinical trial in healthy volunteers in Greater China by us, subcutaneous injection of batoclimab demonstrated excellent dose-dependent reductions in serum levels of IgG antibodies and was well-tolerated following subcutaneous injection to healthy volunteers.

The NMPA has granted us IND approvals to begin seamless Phase 2/3 registrational clinical trials in ITP and GO, giving us the possibility to proceed directly to the Phase 3 stage following the interim analysis report of the related Phase 2 clinical trials. In March 2020, we initiated the registrational Phase 2/3 trial in ITP. In addition, taking advantage of China's newly amended rare disease policy, we plan to apply for the "breakthrough designation" for batoclimab in both NMOSD and MG in the first half of 2021 to seek an accelerated development pathway and priority review by the NMPA. In March 2020, we initiated a Phase 2 clinical trial for batoclimab in MG. For NMOSD, we initiated a Phase 1b/2 trial and anticipate reporting top-line results from this trial in the first half of 2021.

In addition, we plan to gradually expand our clinical development efforts into additional indications (such as WAIHA and CIDP) over the next few years starting later this year. All these additional indications have clear scientific rationale and high unmet medical needs in Greater China.

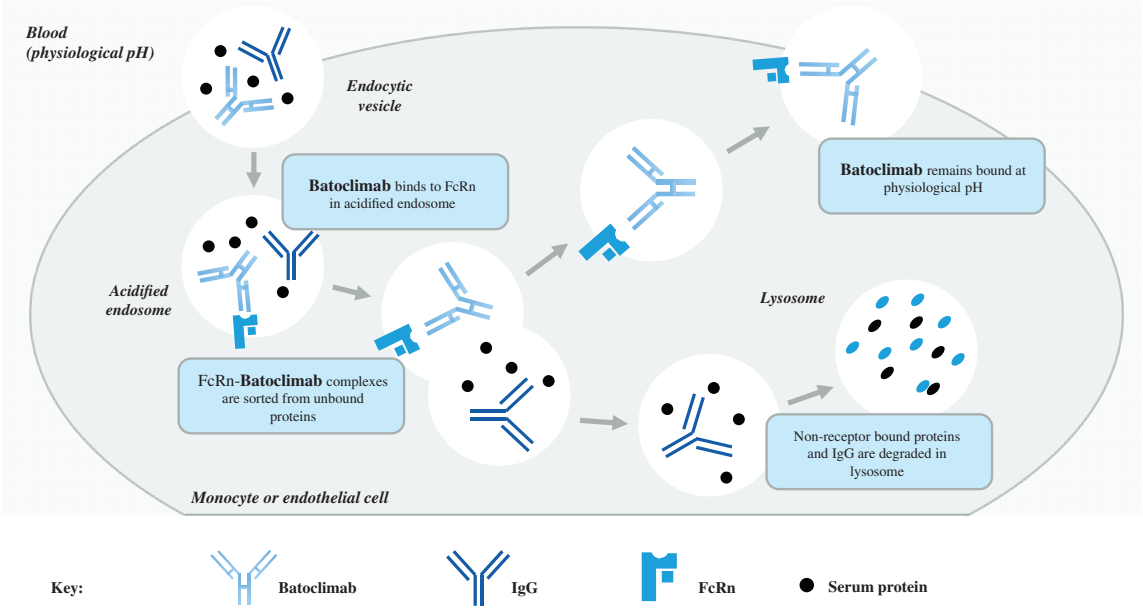
Batoclimab's Solution: blocking the recycling of IgG antibodies leading to an elimination of IgG antibodies

Mechanism of Action

The neonatal fragment crystallizable receptor (FcRn) is a cellular receptor that can bind IgG antibodies and guide their transport through cells. The physiologic function of FcRn is to modulate the catabolism of IgG antibodies, and inhibition of FcRn, such as through use of an FcRn targeting antibody, has been shown to reduce levels of pathogenic IgG antibodies. Completed clinical trials of other anti-FcRn antibodies in IgG-mediated autoimmune diseases have generated promising results, suggesting that FcRn is a therapeutically important pharmaceutical target to reduce levels of these disease-causing IgG antibodies and can result in clinically meaningful improvement.

In adults, FcRn is the primary protein responsible for preventing the degradation of IgG antibodies and albumin. IgG antibodies are constantly being removed from circulation and internalized in cellular organelles called endosomes. The role of FcRn is to bind to the IgG antibodies under the more acidic conditions of the endosome and transport them to the cell surface, where the neutral pH causes them to be released back into circulation.

Our product candidate, batoclimab, is designed to block the recycling of IgG antibodies, resulting in their removal from circulation. Batoclimab binds to FcRn, blocking the ability of FcRn to bind to IgG antibodies under the more acidic conditions of the endosome. As a result, the bound batoclimab and FcRn are transported to the cell surface, where FcRn is prevented from further recycling IgG antibodies as batoclimab remains bound to FcRn even in the pH neutral environment outside the endosome. Meanwhile, the unbound IgG antibodies are degraded in the lysosome rather than being transported by FcRn for release back into circulation. This batoclimab mechanism of action is depicted in the graphic below.



Advantages of Batoclimab

Current treatments for patients with serious autoimmune diseases primarily include plasmapheresis and intravenous immunoglobulin ("**IVIg**"). Plasmapheresis is a process that separates the blood cells from the plasma, removing antibodies, and returning them back into the body. IVIg is a process that intravenously injects antibodies collected from more than 1,000 blood donors to interfere with autoantibodies and relieve symptoms.

As compared with plasmapheresis and IVIg, we believe that batoclimab, if approved for sale, could provide the following benefits as a more effective, potentially differentiated treatment for rare autoimmune diseases:

- *Subcutaneous injections*. Based on clinical data, we believe that we will be able to obtain therapeutically relevant levels of IgG reduction using 2-mL volume (340 mg) subcutaneous injections, which are simpler, more convenient, and allow potential for self-administration at home and potentially improved patient compliance. Our current formulation is concentrated at 170 mg/mL.

- *Simple dosing schedule*. We are developing batoclimab as a fixed-dose subcutaneously injected regimen without the need for preceding intravenous induction doses or lengthy subcutaneous infusions. If approved, we intend to market batoclimab as a fixed-dose pre-filled syringe, which would allow for convenient self-administration, eliminating the need for frequent and costly clinic visits, and reduce complexity and errors associated with calculating individual doses.

- *Low immunogenicity risk*. Batoclimab is a fully human monoclonal antibody that contains only amino acid sequences native to humans.

- *Low effector function*. Well-characterized and validated mutations introduced into the fragment crystallizable domain of batoclimab have reduced the ability of batoclimab to cause antibody-dependent cellular cytotoxicity (ADCC) and complement-dependent cytotoxicity (CDC) commonly associated with traditional antibodies, in which bound antibodies are recognized by effector components of the immune system which leads to inflammation. There have been no reports of severe systemic allergic reactions to study therapy reported to date. In addition, in the completed Phase 1 clinical trial conducted by us in Greater China, no headaches, an adverse event seen with some FcRn agents, have been noted to date in any of the subjects receiving batoclimab.

Clinical Development of Batoclimab

We are developing batoclimab as a fixed-dose subcutaneous injection for a variety of IgG-mediated autoimmune diseases, with an initial focus on the treatment of ITP, GO, MG and NMOSD.

Batoclimab was first studied in Caucasian population to investigate its safety, PK/PD profile of both intravenous and subcutaneous injections with single-ascending dose and multi-ascending dose groups. Based on the interpretation and analysis of the available pre-clinical and clinical data, we have designed our Phase 1 study with single-ascending dose design to evaluate the safety, PK/PD profile of batoclimab in Chinese population. After confirming the similar safety and PD profile in Chinese population, we have formulated a robust, tiered "portfolio-in-a-product" development strategy for batoclimab. We are developing batoclimab as a fixed-dose subcutaneous injection for a variety of IgG-mediated autoimmune diseases, with an initial focus on the treatment of ITP, GO, MG and NMOSD.

Our senior management has led an internal team with extensive clinical development experience and worked with industry-leading CROs to carry out the following activities for the ongoing and planned clinical trials of batoclimab: (i) clinical development plan formulation by taking into consideration both the scientific rationale (e.g., mechanism of action, pre-clinical data, available clinical data, and research opportunity assessment) and market value assessment (e.g., addressable patient population evaluation, market access analysis, and competitive landscape consideration), (ii) design of trial protocol, including study objectives and endpoints, study population (sample size and inclusion/exclusion criteria), study duration, randomization schedule, adverse events and serious adverse events, quality control and quality assurance, and data management, (iii) trial preparation, including site selection and laboratory visits, (iv) patient recruitment, including carrying out patient evaluation based on study design and obtaining subject information consent, (v) patient dosing, such as carrying out daily measurements and monitoring for adverse events through certain CROs, and (vi) outcome measurements, including efficacy and safety endpoint data assessment. Our internal clinical development team has performed core functions such as designing clinical development strategy and protocol in-house and exercising control and oversight over key components of clinical trial management, including data source validation. With close supervision and control, we have worked with leading CROs on day-to-day clinical activities to ensure effective and seamless execution and scale up and achieve operating efficiency. Batoclimab's clinical development programs are led by program leaders with extensive clinical development experience and knowledge who formulate a clinical development plan, design the trial protocol, oversee the trial execution and prepare the regulatory filing, all with support from the other experienced team members.

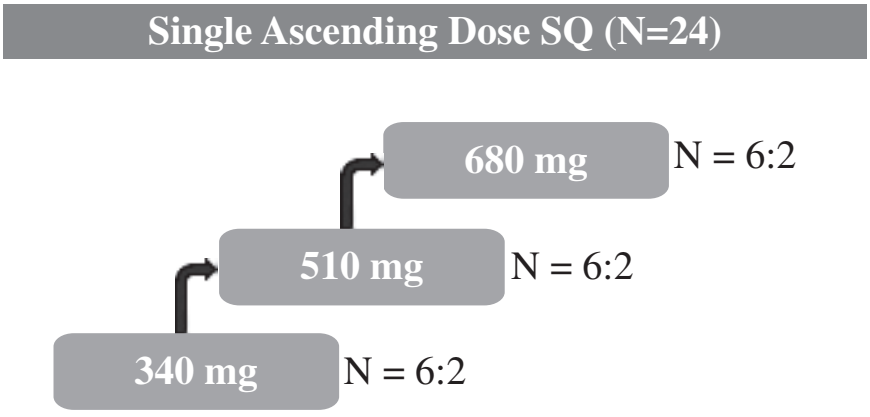
Completed Phase 1 Clinical Trial of Batoclimab in Healthy Volunteers in Hong Kong by Us

We have completed a randomized, placebo-controlled Phase 1 clinical trial in Greater China. The trial was regulated by the NMPA and was conducted at Queen Mary Hospital(1), a medical institution officially approved by the NMPA to conduct NMPA approved clinical trials. Prior to commencing the Phase 1 clinical trial in Hong Kong, we made applications to the NMPA regarding the proposed design of clinical trials of batoclimab which were subsequently approved. Upon completion of the Phase 1 clinical trial in Hong Kong, the clinical data and results were submitted to the NMPA for evaluation and approval to proceed with the next trial phase. The NMPA subsequently granted us IND approvals to begin Phase 2 clinical trials of batoclimab based on the results of the Phase 1 clinical trial in Hong Kong.

Study Design

The trial conducted by us dosed 24 healthy volunteers as a subcutaneous (SC) injection in Greater China. The trial in Chinese patients is a single-ascending dose (SAD) trial testing single administrations of fixed doses of batoclimab, ranging from 340 mg/kg to 680 mg as a fixed dose. 24 healthy Chinese subjects were randomized into three dose groups (340 mg, 510 mg and 680 mg). For each dose group, 6 subjects received batoclimab and 2 subjects received the placebo. The inclusion of a placebo-controlled arm was to evaluate the safety and PD (IgG reduction) of batoclimab. This trial supports our Phase 2/3 adaptive design for batoclimab in ITP and GO and Phase 2 adaptive design for MG to accelerate potential launch in China.

Batoclimab – China Phase 1 SAD Study Design by Harbour BioMed



Note:

(1) Queen Mary Hospital, as an accredited site for NMPA-approved clinical trials and in accordance with the relevant PRC laws and regulations, is subject to regular inspections by the NMPA to ensure compliance with the requisite qualifications as required by the NMPA.

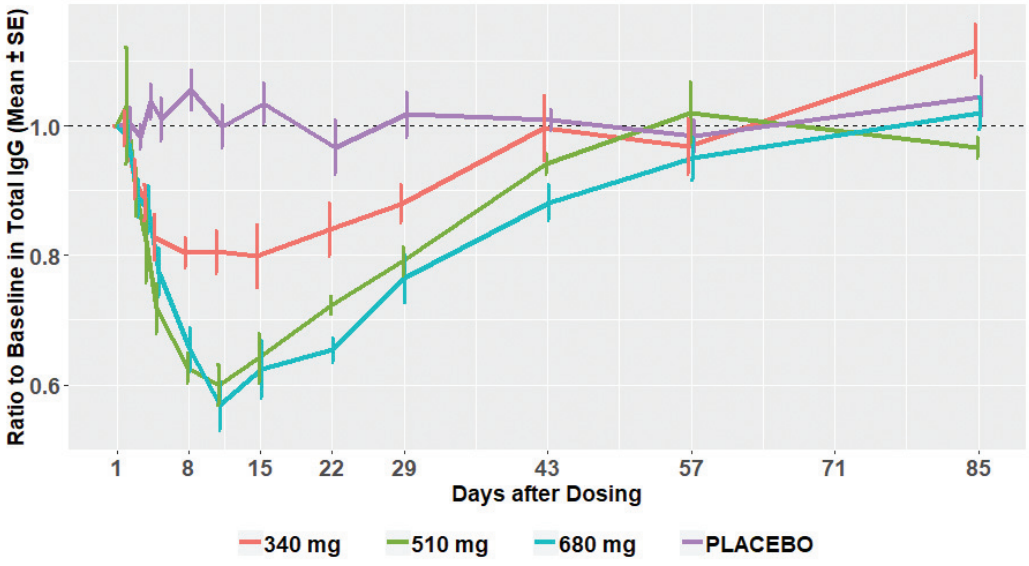
Summary of Clinical Data

Pharmacokinetics ("**PK**")

In the single-ascending dose portion of our Phase 1 clinical trial, batolimab demonstrated a PK profile that varies with increase in dose, consistent with the characteristics expected of a drug exhibiting target-mediated disposition. Following subcutaneous administration of single doses of batoclimab, the median time to peak concentrations ranged from 33.0h for the lowest dose administered to 83.9h for the highest dose of 680 mg. Following subcutaneous (SC) administration of single doses of batoclimab, Cmax and AUC increased with the increase in dose, but not in a dose proportional manner (e.g., in a greater than dose proportional manner) over the dose range of 340mg to 680mg, likely due to the large variability and relatively low exposure at the dose of 340mg. However, the exposure appeared proportional to dose at 510 mg and 680 mg.

Pharmacodynamics ("**PD**")

The Phase 1 clinical trial conducted by us in Greater China has demonstrated a good IgG reduction in Chinese subjects. It was observed that the maximum mean IgG reductions were 23% (340 mg), 35% (510 mg), and 40% (680 mg), respectively.



Safety

The Phase 1 clinical trial conducted by us in Greater China has demonstrated an excellent safety profile. No serious AEs were reported. All the AEs were minor and moderate. No injection site reaction was reported. In particular, no headaches have been noted to date in any of the subjects receiving batoclimab. The table below summarizes the most commonly reported AEs reported so far from the Phase 1 clinical trial conducted by us in Greater China.

	Batoclimab All dose groups (n=18)	Placebo (n=6)
Number of Subjects with Treatment Emergent AE (TEAE)	12 (66.7%)	5 (83.3%)
Number of Subjects with SAE	0 (0.0%)	0 (0.0%)
Summary of AE by PT (AEs reported by more than 1 subject, sorted by pooled incidence rate)		
Influenza like illness	7 (38.9%)	1 (16.7%)
Rash	4 (22.2%)	1 (16.7%)
Diarrhea	2 (11.1%)	1 (16.7%)
ALT increased	2 (11.1%)	1 (16.7%)
AST increased	2 (11.1%)	1 (16.7%)
Headache	0 (0.0%)	2 (33.3%)

Immunogenicity

There were 2 subjects in the 680mg cohort who had a positive ADA response. For one of them, the ADA response returned to negative at the time of data cut-off. Another subject had a positive ADA response at the time of data cut-off. The subject was requested to have blood samples drawn for an ADA test and be assessed for AEs at extended follow-up visits until two consecutive samples confirmed to be negative for an ADA test or until 12 months after dosing. The ADA results of this subject returned to negative at month 6 and 9 post-dose.

Completed Phase 1 Clinical Trial of Batoclimab in Healthy Volunteers by Another Licensee

Another licensee of batoclimab, which obtained from HanAll rights to this antibody in the United States and Europe, has completed a randomized, placebo-controlled Phase 1 clinical trial in Canada and Australia.

Batoclimab for the Treatment of Immune Thrombocytopenia (ITP)

Current Treatment Options of ITP and Potential Market Opportunity

ITP is a bleeding disease caused by an autoimmune reaction in which a patient develops auto-antibodies that attack and destroy their own platelets. Platelets are blood cells that help blood to clot, or their own platelet-forming cells. Primary ITP, which develops for no known reason, is differentiated from secondary immune thrombocytopenia, which is associated with other illnesses, such as infections or autoimmune diseases, or which occurs after transfusion or

taking other drugs, such as anti-cancer drugs. Platelet deficiency, or thrombocytopenia, can cause bleeding in tissues, bruising and slow blood clotting after injury or, for serious cases, life-threatening bleeding, such as intracerebral hemorrhage. With prolonged life expectancy, ITP is frequent in elderly people.

Current treatment for ITP is focused on either reducing the autoimmune activities to allow platelets to recover on their own, or directly stimulating platelet production with specific growth factors. Patients with less severe ITP are treated with glucocorticoids and immunosuppressants, which are usually associated with significant side effects, such as osteoporosis (fragile bones), hypertension (high blood pressure), diabetes, and weight gain. For severe ITP, splenectomy is sometimes used as treatment, but its use is rapidly declining. The use of thrombopoietin receptor agonists (TPO-RAs), which stimulates the production and differentiation of platelets, is increasing. The most used TPO-RAs include romiplostim (Nplate®), which is a fusion protein analog of thrombopoietin, or eltrombopag (Promacta® or Revolade®), which is a small molecule TpoR agonist of the receptor. These major issue with these treatments is that patients should always be on therapy with dosing titrated based on the platelet account.

For intravenous immunoglobulin ("**IVIg**"), it introduces high levels of exogenously added IgG antibodies to the blood stream, or, to a lesser extent, plasmapheresis. IVIg can raise the platelet count within days in most patients, but the effect is usually transient. Although majority of the adverse events caused by IVIg are mild and transient, there have been reported cases of migraines, hemolytic anemia, and transfusion-related acute lung injury. Both IVIg and plasmapheresis when used to treat ITP carry a high cost burden on patients and the healthcare system.

We believe batoclimab will be able to address the significant unmet market need. Batoclimab can effectively eliminate pathogenic IgG from circulation to alleviate the destruction of platelets and quickly improve the patient's platelet counts. Besides batoclimab, there are two drugs approved and six drug candidates in clinical development in China for ITP treatment. According to the Frost & Sullivan Report, it is estimated that the market size of the ITP drug market in China will reach US$553.8 million in 2024 at a CAGR of 26.1% from 2019 to 2024, and further reach US$1,193.9 million in 2030 at a CAGR of 13.7% from 2024 to 2030. For more details, see "Industry Overview – Overview of Immune Thrombocytopenia (ITP) Drug Market" for the competitive landscape and growth potential for the ITP drug market in China.

Clinical Development Plan for Batoclimab in ITP in Greater China by Us

In December 2019, we received the IND approval from the NMPA to begin a randomized, double-blinded, placebo-controlled, Phase 2/3 seamless clinical study designed to evaluate the efficacy and safety of weekly subcutaneous injection of batoclimab in patients with primary ITP. This approval provides an accelerated development pathway for batoclimab in ITP by giving us the possibility to proceed directly to the Phase 3 trial stage following the interim analysis report of the Phase 2 clinical trial. In March 2020, we initiated this trial. We have

completed the first dosing of the first patient. Data from this study (approximately 36 subjects in the Phase 2 stage and around 300 subjects in the Phase 3 stage) are expected to be the major package supporting a registrational filing with the NMPA. We believe the innovative, adaptive study design, together with a seamless Phase 2/3 trial, will enable us to expedite the entire development process for batoclimab in ITP. We plan to submit the BLA to the NMPA for batoclimab in ITP in 2023.

Material Communications with Regulatory Authorities in the PRC

In December 2019, we received the IND approval from the NMPA to begin a seamless Phase 2/3 clinical trial to evaluate the safety and efficacy of its therapeutic antibody batoclimab to treat ITP in adult patients. The approval provides an accelerated development pathway for batoclimab in ITP by giving us the possibility to proceed directly to the Phase 3 stage following the interim analysis report of the Phase 2 clinical trial. The NMPA had no material concern for our proposed study design. We are not aware of any legal claims or proceedings that may have an adverse effect on our development of batoclimab in ITP. As of the Latest Practicable Date, we have not received objections to our clinical development plans with respect to the regulatory review or approval process of batoclimab in ITP.

Batoclimab for the Treatment of Graves' Ophthalmopathy (GO)

Current Treatment Options of GO and Potential Market Opportunity

The common manifestations of Graves Ophthalmopathy (GO) vary considerably from patient to patient in expression, severity, and duration. Depending on the severity and progression of the disease, treatments range from local therapy such as ocular lubrication with artificial tears, to various immunomodulatory therapy and surgery. As autoantibodies directed against the thyroid-stimulating hormone receptor ("**TSHR**") have become more clearly implicated in the pathogenesis of GO, interest in exploring anti-TSHR antibody therapy has increased in recent years.

As a first option, patients with active GO are treated with immunosuppressive therapy such as high-doses of corticosteroids, typically administered intravenously or orally. Corticosteroids are not effective in all patients, and approximately one-third of patients will relapse. Although corticosteroids may be helpful to suppress the inflammatory activity, it is not proven in trials that it can effectively reverse the severity or prevent long-term sequelae like proptosis. This therapy is associated with an increased risk of acute and severe organ damage, bone thinning, weight gain, diabetes, hypertension, osteoporosis and depression.

GO is believed to be most commonly caused by IgG autoantibodies that form against the thyroid-stimulating hormone receptor ("**TSHR**"), which is expressed primarily in thyroid, but also activate in certain cell types, such as fibroblasts and adipocytes. Levels of anti-TSHR autoantibodies correlate positively with clinical features of GO and influence its prognosis. In addition, elevated levels of IGF-1 receptor (IGF-1R) have been found in orbital fibroblasts as well as B and T cells from patients with GO. TSHR and IGF-1R have functional overlaps and

stimulation of either receptor may lead to activation of similar biochemical pathways in certain cell types, but the exact nature of the interaction between IGF-1R and TSHR continues to be investigated. In January 2020, the U.S. FDA approved Horizon Therapeutics' Tepezza (teprotumumab), an anti-IGF-1R antibody, for the treatment of GO.

There is no approved treatment for GO which patients can undertake to achieve stable remission. The existing treatments can only, to varying extents, control the symptoms of GO. Therefore, we believe that a therapy for GO focused on addressing the cause of the disease, i.e., the presence of autoimmune antibodies, represents an attractive treatment that has the potential to avoid many of the material side effects of current therapies. With a mechanism of action independent of the antigen recognized by the autoimmune antibodies, batoclimab can address GO that arises through any IgG autoantibody mechanism, such as anti-TSHR, anti-IGF-1R, or any other IgG autoantibodies and therefore can address this significant unmet need by effectively controlling and reducing the severity of GO and improving patients' quality of life. Besides batoclimab, there is currently no drug candidate for GO in clinical development in China. According to the Frost & Sullivan Report, it is estimated that the market size of the GO drug market in China will reach US$14.8 million in 2024 with a CAGR of 52.2% from 2019 to 2024, and further reach US$450.5 million in 2030 with a CAGR of 76.8% from 2024 to 2030. For more details, please see "Industry Overview – Overview of Graves' Ophthalmopathy (GO) Drug Market" for the competitive landscape and growth potential for the GO drug market in China.

Clinical Development Plan for Batoclimab in GO in Greater China by Us

We received the IND approval in May 2020 from the NMPA to conduct a Phase 2/3 seamless trial in GO. We plan to initiate a Phase 3 registrational trial directly for batoclimab in GO in 2021. This registrational trial will be a randomized, double-blinded, placebo-controlled, Phase 3 clinical study designed to evaluate the efficacy and safety of weekly subcutaneous injection of batoclimab in patients with moderate-to-severe active GO. We plan to submit the BLA to the NMPA for batoclimab in GO in 2023.

Material Communications with Regulatory Authorities in the PRC

In May 2020, we received an IND approval from the NMPA for a Phase 2/3 seamless trial in GO. The NMPA is in full agreement with our proposal on study design, especially the selection of patient population, treatment regimen, measurement on primary endpoint for future BLA submission. The NMPA had no material concern for our proposed study design. We are not aware of any legal claims or proceedings that may have an adverse effect on our development of batoclimab in GO. As of the Latest Practicable Date, we have not received objections to our clinical development plans with respect to the regulatory review or approval process of batoclimab in GO.

Batoclimab for the Treatment of Myasthenia Gravis (MG)

Current Treatment Options of MG and Potential Market Opportunity

MG is an autoimmune disorder associated with muscle weakness and fatigue. MG patients develop antibodies that lead to an immunological attack on critical signaling receptor proteins at the junction between nerve and muscle cells, thereby inhibiting the ability of nerves to communicate properly with muscles. This leads to muscle weakness intensified by activity, which can be localized exclusively to ocular muscles or which can be more generalized throughout the body including respiratory muscles. The vast majority of MG patients demonstrate elevated serum levels of acetylcholine receptor ("**AChR**") antibodies which disrupt signal transmission between nerve fibers and muscle fibers. These antibodies ultimately lead to fluctuating muscle weakness and fatigue.

There are primarily four types of therapies used to treat MG, namely (i) symptomatic treatment using acetylcholinesterase inhibitors, (ii) immunosuppressive therapies using glucocorticoids and nonsteroidal immunosuppressive agents, (iii) immunomodulating treatments through therapeutic plasma exchange and IVIg, and (iv) surgical treatment through thymectomy. Approximately 10% of MG patients are refractory to current treatments, while up to 80% fail to achieve stable remission.

In June 2019, eculizumab, a complement C5 inhibitor, received U.S. FDA approval for the treatment of patients refractory to available therapy with anti-AChR-positive MG, marking the clinical success of MG treatment with antibody drugs. AChR protein within the neuromuscular junction, and muscle-specific kinase ("**MuSK**"), a tyrosine kinase involved in propagating neuronal signals, are among the most common targets of autoimmune antibodies in MG. Anti-AChR and anti-MuSK antibodies are found in approximately 85% and 6% of MG patients, respectively. The presence of these autoimmune antibodies blocks the signaling from neurons to muscles, which results in an impaired ability for the muscle to contract, or results in outward signs of muscle weakness and fatigue. Notably, for eculizumab, its use is limited to patients refractory to available therapy with anti-AChR-positive MG. Anti-MuSK antibodies have a low propensity to activate complement proteins, thus C5 inhibition may not be therapeutically relevant in anti-MuSK-positive patients. Studies indicate that patients with MuSK-positive disease are more likely to become treatment refractory thus present an additional unmet need.

There is no reliable treatment for MG which patients can undertake to achieve stable remission. The existing treatments can only, to varying extents, improve the symptoms of MG. The need for new therapies thus provides a significant commercial opportunity for batoclimab in MG. Batoclimab is able to reduce the levels of both anti-AChR and anti-MuSK antibodies and achieve clinical improvement and therefore can address this significant unmet need by effectively controlling and reducing the severity of MG and improving patients' quality of life.

Besides batoclimab, there is currently only one biologics drug candidate for MG in clinical development in China. According to the Frost & Sullivan Report, it is estimated that the market size of the MG drug market in China will reach US$148.5 million in 2024 at a

CAGR of 28.1% from 2019 to 2024, and further reach US$1,077.5 million in 2030 at a CAGR of 39.1% from 2024 to 2030. For more details, see "Industry Overview – Overview of Myasthenia Gravis (MG) Drug Market" for the competitive landscape and growth potential for the MG drug market in China.

Summary of Top-Line Results of Phase 2a Clinical Trial of Batoclimab in MG by Immunovant

Immunvoant, a licensee of batoclimab for certain territories outside of Greater China, is conducting a clinical trial in MG. In August 2019, Immnovant initiated dosing in its ASCEND MG clinical trial. The ASCEND MG trial is a multi-center, randomized, placebo-controlled Phase 2a clinical trial designed to evaluate the safety, tolerability, pharmacodynamics, and efficacy of batoclimab in patients with moderate-to-severe MG. On August 25, 2020, Immunovant announced topline results from this trial. Set forth below is a summary of the topline results based on the prospectus filed by Immunovant with the SEC on September 3, 2020.

Results from the six-week treatment period included three arms: 340 mg batoclimab weekly (N=5), 680 mg batoclimab weekly (N=5), and placebo (N=5). As evaluated in a pre-specified, pooled analysis of 15 patients who completed Day 42, batoclimab-treated patients (N=10) showed a mean 3.8-point improvement on the MG Activities of Daily Living, or MG-ADL, scale versus a mean decline of +0.6 for placebo, a result that was statistically significant ($p = 0.029$). Batoclimab-treated patients also showed a highly statistically significant improvement on the MG Composite, or MGC, scale, with an average improvement of 8.0 points versus a mean decline of +1.4 for placebo ($p = 0.006$). Batoclimab-treated patients showed an improvement on the Quantitative Myasthenia Gravis, or QMG, scale with an average improvement of 3.9-points versus a mean improvement of 0.4 points for placebo ($p = 0.068$), which was not statistically significant.

MG-ADL responder rates, defined as the percentage of patients showing a≥2-point improvement, were 60% for batoclimab-treated patients versus 20% for placebo. MG-ADL deep responder rates, defined in the study as the percentage of patients showing a≥6-point improvement, were 40% for batoclimab-treated patients versus 0% for placebo. MGC deep responder rates, defined in the study as the percentage of patients showing a≥10-point improvement, were 40% for batoclimab-treated patients versus 0% for placebo. QMG deep responder rates, defined in the study as the percentage of patients showing a≥6-point improvement, were 30% for batoclimab-treated patients versus the 0% for placebo.

Consistent with previously reported Phase 1 results, batoclimab was observed to be well-tolerated with no serious adverse events reported, no withdrawals due to adverse events, and no imbalance in headaches. Mean reductions in total serum IgG from baseline to Day 42 for the 340 mg and 680 mg cohorts were 59% and 76%, respectively.

Clinical Development Plan for Batoclimab in MG in Greater China by Us

We initiated a Phase 2 clinical trial for batoclimab in MG in March 2020. This trial will be a randomized, blinded, placebo-controlled clinical trial designed to assess safety and efficacy of batoclimab in an anticipated 30 patients in Greater China with MG symptoms, as defined by MGFA Class II through IVa. The primary endpoints of this trial are change from baseline in MG-ADL score. We have completed the first dosing of the first patient. As MG is included in the current edition of the Rare Disease List in China, we may be eligible for an accelerated fast-track BLA approval from the NMPA for batoclimab in MG by taking advantage of the favorable regulatory pathway for drugs targeting rare diseases in China. Specifically, we plan to use the data from the Phase 2 trial to apply for the "breakthrough designation" for batoclimab in MG in the first half of 2021 and plan to submit the BLA to the NMPA for batoclimab in MG in 2022.

Material Communications with Regulatory Authorities in the PRC

In November 2018, we received an IND approval to conduct a Phase 1b trial with MG patients to assess the safety and initial efficacy of batoclimab in Greater China. In March 2020, we submitted a supplemental IND to the NMPA for a Phase 2 trial with MG patients who are in need of additional treatment beyond the current standard of care. We have received the NMPA approval to conduct this Phase 2 trial in China. The NMPA had no material concern for our proposed study design. We are not aware of any legal claims or proceedings that may have an adverse effect on our development of batoclimab in MG. As of the Latest Practicable Date, we have not received objections to our clinical development plans with respect to the regulatory review or approval process of batoclimab in MG.

Batoclimab for the Treatment of Neuromyelitis Optical Spectrum Disorder (NMOSD)

Current Treatment Options of NMOSD and Potential Market Opportunity

NMOSD is a unifying term for neuromyelitis optica, previously known as Devic's disease, and related syndromes. There is currently no cure for NMOSD.

Patients experiencing an attack are treated with steroids, IVIg, and plasmapheresis. However, there is no established evidence of clinical efficacy with these treatments, which are known to cause adverse events that may lead to treatment discontinuation.

As anti-AQP4-IgG (NMO-IgG) targeting astrocytic water channel protein aquaporin-4 has a key role in the pathogenesis of NMOSD, and batoclimab targets to reduce the Angti-AQP4-IgG significantly and achieves clinical improvements, we believe batoclimab has the potential to become a differentiated therapy to target NMOSD and will provide us with first-mover advantages in China.

Besides batoclimab, there are four NMOSD drug candidates in clinical development in China. According to the Frost & Sullivan Report, it is estimated that the market size of the NMOSD drug market in China will reach US$118.5 million in 2024 at a CAGR of 20.5% from 2019 to 2024, and further reach US$303.7 million in 2030 at a CAGR of 17.0% from 2024 to 2030. For more details, please see "Industry Overview – Overview of Neuromyelitis Optical Spectrum Disorder (NMOSD) Drug Market" for the competitive landscape and growth potential for the NMOSD drug market in China.

Clinical Development Activities and Clinical Development Plan for Batoclimab in NMOSD in Greater China by Us

We are conducting an open-label, non-randomized, dose exploration Phase 1b/2 clinical trial for batoclimab in adult patients with NMOSD in China. Two dose groups (340 mg and 680 mg) are planned, and each dose group plans to enroll approximately 6 to 12 subjects. All subjects will be weekly administered with batoclimab by subcutaneous injection for a period of 4 weeks, together with standard of care which is of intravenous methylprednisolone (ivMP) for a period of 4 weeks. Each subject will only participate in one dose group. Escalation to the next dose level decided by PIs and sponsor after evaluating safety data and PD data for lower dose group. We dosed the first patient in April 2020. We anticipate reporting top-line results from this trial in the first half of 2021.

As NMOSD is included in the current edition of the Rare Disease List in China, we may be eligible for an accelerated fast-track BLA approval from the NMPA for batoclimab in NMOSD by taking advantage of the favorable regulatory pathway for drugs targeting rare diseases in China. Specifically, we plan to apply for the "breakthrough designation" for batoclimab in NMOSD in the first half of 2021 and plan to submit the BLA to the NMPA for batoclimab in NMOSD in 2022.

Material Communications with Regulatory Authorities in the PRC

We received an IND approval from the NMPA in November 2018 to conduct a Phase 1b/2 trial in China to assess the safety and efficacy of batoclimab in patients with NMOSD. The NMPA had no material concern for our proposed study design. We are not aware of any legal claims or proceedings that may have an adverse effect on our development of batoclimab in NMOSD. As of the Latest Practicable Date, we have not received objections to our clinical development plans with respect to the regulatory review or approval process of batoclimab in NMOSD.

Batoclimab for the Treatment of Warm Autoimmune Hemolytic Anemia (WAIHA) and Chronic Inflammatory Demyelinating Polyneuropathy (CIDP)

We are in the process of preparing the IND applications for batoclimab in WAIHA and CIDP to the NMPA. See "Industry – Overview of Biologic Drugs Market for Autoimmune Diseases" for a disease overview, current treatment options and current status in China for each indication.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET BATOCLIMAB SUCCESSFULLY.

Tanfanercept (HBM9036): A Potential Differentiated Anti-TNF-α Treatment for Dry Eye Disease

Summary

Tanfanercept, our most advanced drug candidate, is a TNF-α inhibitor, being developed as a topical, eye-drop treatment for dry eye disease (DED).

In 2017, we obtained an exclusive license from HanAll to develop tanfanercept in Greater China. Tanfanercept was undergoing a Phase 2 clinical trial by HanAll in the United States when we in-licensed this product from HanAll. In September 2019, we completed a Phase 2 clinical trial in adult patients with moderate-to-severe DED in China. We have received approval from the NMPA on our proposed registrational trial design and strategy for tanfanercept, with the primary endpoint being sign improvements only. We initiated the Phase 3 registrational trial as a topical treatment in patients with DED in Greater China in August 2020. We believe tanfanercept has the potential to become a differentiated therapy to target DED and will provide us with first-mover advantages.

Treatment Options of Dry Eye Disease and Potential Market Opportunity

There has not been any consensus and/or guideline established globally in regard to the definition of moderate-to-severe DED. Neither the U.S. FDA nor the NMPA in China has published a detailed definition regarding the classification of DED's severity or any technical guideline for clinical development of innovative DED therapies. So far, the Oraclinical system is one of the most established and widely accepted systems to classify the severity of DED. The Oraclinical system uses corneal damages being detected/evaluated by fluorescein staining scores as the main criteria to classify the severity of DED. The Oraclinical system was applied in the registrational trials for Xiidra and accepted by the U.S. FDA for the BLA approval. In China, most of the DED drug studies follow a general definition set forth in the *National Consensus for Clinical Diagnosis and Treatment of DED* (2013 version), in which moderate-to-severe DED is categorically defined as a symptomatic DED with any corneal damages detected. In June 2020, a 2020 version was published, which sets out a more specified criteria on the classification of corneal damage for diagnosis of moderate-to-severe DED. The definition in the 2013 version or the 2020 version was proposed by a group of key opinion leaders in China and can only be used as a reference in DED studies. However, the general principle behind classifying severity of DED in the 2020 version is consistent with that of the Oraclinical system.

For the development of tanfanercept, both HanAll and we have been applying the "Oraclinical" system for the assessment and classification of "corneal damages" to ensure the consistency and exchangeability of the data from the trials by HanAll and us. As part of its approval of our Phase 3 registrational trial of tanfanercept, the NMPA also signed off on our proposal to use "Oraclinical system" to classify the targeted DED population and to use a sign endpoint to assess the treatment benefits of tanfanercept on "corneal damage."

Treatment of DED is based on minimizing inflammation and optimizing the various components of the tear film. Artificial tears remain an essential part of patient comfort, with various lipid-and gel-based formulations holding promise in better simulating a healthy ocular surface. Other treatment options such as steroids, cyclosporine and lifitegrast therapies, are primarily anti-inflammatory therapies. Breaking the cycle of inflammation is crucial in improving symptoms.

There are a number of anti-inflammatory drugs approved in the U.S. and EU respectively. In China, there is only one anti-inflammatory drug (a cyclosporine eye drop) approved to date for the treatment of moderate to severe DED. A number of DED drug candidates are currently in clinical development in China, but they are mostly calcineurin inhibitors, which are potent immunosuppressants that reversibly inhibit T cell proliferation and prevent the release of pro-inflammatory cytokines by blocking the activity of calcineurin. While they are highly effective in controlling inflammation, their tolerability and bioavailability remain to be further explored. For details, see "Industry Overview-Overview of Dry Eye Disease Drug Market."

Tumor necrosis factor (TNF)-α inhibitors, on the other hand, have proved to be very effective in rheumatoid arthritis and other autoimmune and immune-mediated disorders, and are generally well tolerated, with the common adverse effects being minor and not needing drug discontinuation. New generation of biotechnologies have enabled the engineering of TNF receptor fragments like tanfanercept, which compared with current DED treatments, demonstrates significant improvements in signs with excellent safety profile and rapid onset in completed clinical trials to date.

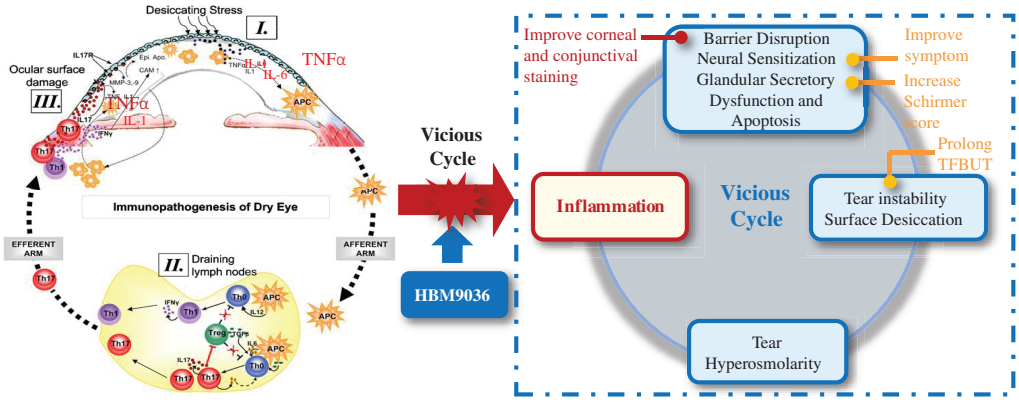
China's moderate-to-severe DED drug market remained stable in terms of sales revenue from 2015 to 2019, given the limited treatment options. With launch of innovative immunomodulatory DED drugs, increasing patient awareness, diagnosis and treatment rates, China's moderate-to-severe DED drug market is expected to grow from US$0.3 billion in 2024 to US$1.6 billion in 2030, at a CAGR of 34.1%, according to the Frost & Sullivan Report.

Tanfanercept's Solution: inhibiting TNF to stop inflammation

Mechanism of Action

Tumor necrosis factor (TNF)-α is a proinflammatory cytokine that plays a pivotal role in the pathogenesis of many inflammatory diseases. Over a decade of clinical experience with anti-TNF antibodies has clearly demonstrated their efficacy in rheumatoid arthritis (RA), etc. Several kinds of fragmented antibodies or antagonistic receptors have been developed especially for the treatment of local inflammatory diseases since the whole IgG form of antibodies, due to larger molecular size, are difficult to be distributed effectively into target tissues. The fragmented molecules with smaller size and greater stable forms have advantages to penetrate tissues and target sites more rapidly and deeply than whole IgG form molecules.

Tanfanercept is a molecularly engineered tumor necrosis factor receptor 1 fragment, produced by modification of the TNF-α binding region of the TNF-α receptor site. It is potent in binding and blocking TNF-α, resulting in suppressed inflammation after topical use.



Advantages of Tanfanercept

Based on pre-clinical and clinical data up to date, we believe tanfanercept has a favorable profile for the treatment of moderate-to-severe DED, including the following attributes:

- *Rapid onset of action*. Patients treated with tanfanercept reported significant reductions in clinical signs (such as CCSS, ICSS, TCSS) within four weeks of initiation of treatment, in contrast with some DED products which meet their primary endpoint within three to six months of exposure.

- *Excellent safety profile*. In the first Phase 3 trial conducted by HanAll in the United States and the Phase 2 trials in China conducted by us and the United States conducted by HanAll, most of the AEs reported were mild and there was no specific safety risk identified throughout these trials. In the Phase 2 trial conducted by us in China, the treatment-related adverse event rate in the 0.25% tanfanercept group was similar to that in placebo.

- *Excellent tissue penetration*. Tanfanercept is designed specifically for topical use with an optimal molecular size (approximately 19 kDa) for DED.

- *Comfortable for patients*. Tanfanercept is optimized for topical, ophthalmic delivery and is formulated it with a preservative-free comfortable solution, or vehicle, for delivery as an eye drop. In addition, in the Phase 2 clinical trial conducted by us in China and the Phase 2 and Phase 3 clinical trials conducted by HanAll in the United States, 0.25% tanfanercept showed the similar drop comfortable score as that of the placebo group. We believe patient comfort is an important factor in patient compliance and physician recommendation of a topical drug for diseases of the ocular surface.

Clinical Development Activities and Clinical Development Plan for Tanfanercept in Greater China by Us

We intend to expedite clinical trials of tanfanercept and seize the first mover advantage to rapidly capture the massive DED market in China. Immediately after in-licensing tanfanercept, we formulated a robust clinical development strategy.

Our senior management has led an internal team with extensive clinical development experience and worked with industry-leading CROs to carry out the following activities for the ongoing and planned clinical trials of tanfanercept: (i) clinical development plan formulation by taking into consideration both the scientific rationale (e.g., mechanism of action, pre-clinical data, available clinical data, and research opportunity assessment) and market value assessment (e.g., addressable patient population evaluation, market access analysis, and competitive landscape consideration), (ii) design of trial protocol, including study objectives and endpoints, study population (sample size and inclusion/exclusion criteria), study duration, randomization schedule, adverse events and serious adverse events, quality control and quality assurance, and data management, (iii) trial preparation, including site selection and laboratory visits, (iv) patient recruitment, including carrying out patient evaluation based on study design and obtaining subject information consent, (v) patient dosing, such as carrying out daily measurements and monitoring for adverse events through certain CROs, and (vi) outcome measurements, including efficacy and safety endpoint data assessment. Our internal clinical development team has performed core functions such as designing clinical development strategy and protocol in-house and exercising control and oversight over key components of clinical trial management, including data source validation. With close supervision and control, we have worked with leading CROs on day-to-day clinical activities to ensure effective and seamless execution and scale up and achieve operating efficiency. Tanfanercept's clinical development programs are led by program leaders with extensive clinical development experience and knowledge who formulate a clinical development plan, design the trial protocol, oversee the trial execution and prepare the regulatory filing, all with support from the other experienced team members.

Ongoing Phase 3 Clinical Trial in Greater China

We initiated the registrational trial as a topical treatment in patients with DED in Greater China in August 2020. The objective of this confirmatory trial is to evaluate the safety and efficacy of tanfanercept at 0.25% dose as compared to placebo on DED with an aim to submit the BLA to the NMPA in 2022. We plan to recruit 674 subjects for this trial.

The inclusion criteria for our Phase 3 trial, which have been approved by the NMPA, draw upon on the clinical data from the first Phase 3 clinical trial in the United States by HanAll, clinical data from the completed Phase 2 trial in China and the suggestions from the key opinion leaders in China. The main inclusion criteria include the following:

- Schirmer test score of the study eye $\leq$ 5 mm and $\geq$ 1 mm;
- Corneal fluorescein staining score in at least one zone (lower cornea, upper cornea, or central cornea) $\geq$ 2 points, lower corneal staining $\leq$ 3 points, and total corneal staining score < 10 points;
- Redness score of the study eye in both eyes $\geq$ 1 point; and
- Visual Analog Scale (VAS) at least one dry eye symptom score $\geq$ 40.

Material Communications with Regulatory Authorities in the PRC

After the completion of the Phase 2 clinical trial in Greater China, we had a successful meeting with the NMPA and there was no disagreement with the NMPA on data interpretation of our Phase 2 trial. In addition, we received approval from the NMPA in June 2020 on our proposed registrational trial design and strategy for tanfanercept, with the primary endpoint being sign improvements (TCSS) only.

As tanfanercept achieved a statistically significant improvements in TCSS improvement in the first Phase 3 trial in the United States and the Phase 2 trial in China, using TCSS as the primary endpoint for our registrational trial in China is a compelling decision in tanfanercept's development in China.

The NMPA also allows us to conduct the registrational trial without a CAE, because the statistical significance was achieved in the first Phase 3 trial completed in the USA for the improvement of clinical signs at Pre-CAE, for both TCSS and CCSS. The Pre-CAE's measurements reflect the clinical improvements under the natural environment, which are more clinically meaningful and directly associated to the clinical practice. We considered carefully as to whether to use a CAE in our Phase 3 trial and if it will be more challenging to achieve a statistical significance without a CAE. The completed first Phase 3 trial in the United States has demonstrated that the effect size of tanfanercept against the placebo should be adequate to show a statistical significance even without a CAE. We have carefully considered the observed effect size from the completed first Phase 3 trial in the United States and our completed Phase 2 trial, and have come to a conclusion that it is likely that tanfanercept will achieve a statistical significance without a CAE based on the sample size proposed in our Phase 3 trial design.

The NMPA had no material concern for our proposed study design. We are not aware of any legal claims or proceedings that may have an adverse influence on our research and development for tanfanercept. As of the Latest Practicable Date, no material adverse change has occurred with respect to the regulatory review or approval process of tanfanercept.

So far, there have been no consistent guidelines established across the world for the clinical development of DED. The US FDA is the only agency mandating the treatment efficacy for both signs and symptoms. The signs, as the objective measurement has been used to evaluate and approve the DED treatment by the majority of the global regulatory agencies, including China, especially the corneal staining score (CSS) has been the most frequently used one amongst all the signs. Based on the different regions, there are ICSS (inferior corneal staining score), CCSS (central corneal staining score), SCSS (superior corneal staining score), and the TCCS, the sum of all the 3 region's scores. Both TCSS and ICSS have been used by the global agencies for approving the innovative DED treatment in the recent years.

In China, there have been no established guidelines specifically for clinical development of DED. The primary endpoint for Diquas, the most recently approved DED drug in China, was sign improvements only (corneal and conjunctival staining score). As part of the NMPA's approval of our Phase 3 trial design in June 2020, the NMPA confirmed its sign-off on proposal to use sign improvements (TCSS) only (and not to include symptom endpoints).

By way of background, (i) in the United States, the primary endpoints for Xiidra, the most recently approved DED drug, were ICSS and EDS; and (ii) in China, the primary endpoint for Diquas, the most recently approved DED drug, was sign improvements only (corneal and conjunctival staining score).

Completed Phase 2 Clinical Trial in Greater China

In September 2019, we completed a Phase 2 clinical trial in adult patients with moderate-to-severe DED in Greater China. The clinical results of our Phase 2 clinical trial in Greater China are generally consistent with those of the Phase 2 clinical trial by HanAll in the United States.

Study Design

This is a double-blinded, randomized, placebo-controlled Phase 2 clinical trial evaluating the safety and efficacy of 0.25% tanfanercept versus placebo in patients with moderate to severe DED. This Phase 2 clinical trial has a similar design with the previously completed Phase 2 clinical trial by HanAll in the United States.

We conducted this trial in 100 patients in Greater China. Same as the Phase 2 trial in the United States, this trial was being conducted with the application of a Controlled Adverse Environment ("**CAE**") to provide a standard environment for patient selection and efficacy measurements. The use of CAE can (i) minimize the various confounding factors during subject selection and assessment, (ii) provide a well-controlled environment and more precise measurement of patients' signs and symptoms of DED and (iii) enable consistent measurement of patient responses to tanfanercept compared to placebo and a more accurate evaluation of the drug's efficacy. For subject selection and enrichment, patient population with response to CAE means they are a more predictable and homogenous population, with a modifiable disease. CAE also provides a standardized environment for efficacy assessment, to evaluate the protective effects of drugs with pre-to-post CAE change, which reflects the compensation loss due to DED.

This study also included a two-week placebo run-in period. Patients were screened against both the normal eligibility criteria for moderate-to-severe DED and the CAE criteria at a first visit. Patients who were qualified for enrollment were randomized 1:1 to receive topical administration of 0.25% tanfanercept or placebo, twice a day for eight weeks.

The main inclusion criteria for our Phase 2 clinical trial include the following:

- ≥ 2 staining score in at least one corneal region (inferior, superior and central);
- ≥ 2 on Ocular Discomfort & 4-Sympton Questionnaire (in at least one symptom score);
- Schirmer's test ≤10 mm and ≥1 mm; and
- ≥1 redness score in study eye.

The selected patients were assessed at screening, randomization and on evaluation visits at weeks 1, 2 and 4, and at week 8 following randomization.

We refer to the inferior corneal staining score (ICSS) taken at randomization as baseline. The ICSS is a sign of dry eye disease assessed by Ora Calibra® Corneal and Conjunctival Fluorescein Staining Scale (0-4 point, higher is worse).

The primary efficacy endpoint of this trial was the pre-to-post CAE change from baseline to week 8 in the ICSS.

Study results

Safety

As illustrated in the figure below, tanfanercept was well-tolerated without serious treatment emergent adverse events ("TEAEs") or serious AEs ("SAEs"). Except for one non-drug related moderate adverse event ("AE"), all the AEs were mild. Most commonly reported AEs are conjunctivitis (6%) and conjunctival redness (6%).

	Tanfanercept (n=50)	**Placebo (n=50)**
Number of Subjects with TEAE	13 (26.0%)	13 (26.0%)
Number of Subjects with ocular TEAE	7 (14.0%)	4 (8.0%)
Number of Subjects with non-ocular TEAE	9 (18.0%)	10 (20.0%)
Number of Subjects with serious AE	0 (0.0%)	0 (0.0%)

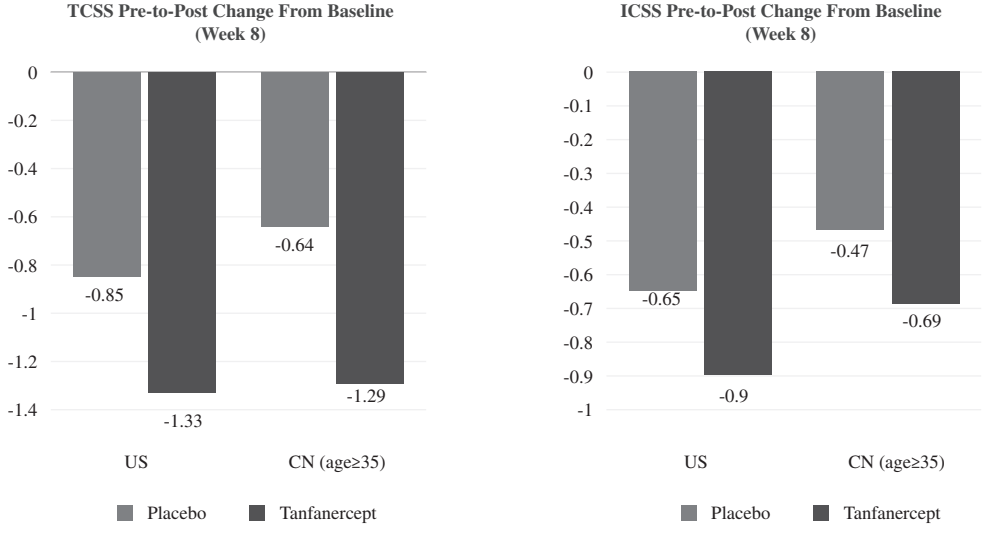
In addition, 0.25% tanfanercept was scored in the comfortable range. More importantly, using a Drop Comfort Scale measured from 0-10 immediately upon instillation, at one minute and at two minutes following initial instillation, the active drug was equally comfortable with placebo without new safety risks. This is important for long-term patient compliance with topical treatments.

	Tanfanercept (n=50)	**Placebo (n=50)**
Drop Comfort Scale (0-10 scale, higher is worse), mean (standard deviation)		
Upon Instillation	3.7 (2.26)	3.8 (1.98)
1 Minute Post-Instillation	3.4 (2.18)	3.5 (2.12)
2 Minutes Post-Instillation	3.1 (2.20)	3.5 (2.10)

Efficacy

The study showed that tanfanercept showed consistent and strong treatment benefits in signs. The pre-to-post CAE change from baseline to week 8 in the ICSS was -0.61 for 0.25% tanfanercept, as compared with -0.54 for the placebo group; and (ii) the pre-to-post CAE change from baseline to week 8 in the TCSS a measure of improvement across all corneal regions, was -1.03 for 0.25% tanfanercept, as compared with -0.67 for the placebo group. In particular, 0.25% tanfanercept showed greater improvement in signs of DED in patients aged 35 years or older (78% of total population, same aging population as the Phase 2 clinical trial in the United States) in terms of the pre-to-post CAE change from baseline to week 8 in the ICSS (-0.69 vs. -0.47) and TCSS (-1.29 vs -0.64).

Consistent Treatment Effects in Sign Improvement Observed in U.S. and China Phase 2 Trials



In this study, 0.25% tanfanercept also showed improvements in the symptoms of DED, as measured by the change in ocular discomfort score ("**ODS**"), a symptom of dry eye disease assessed by Ora Calibra® Ocular Discomfort Scale (0-4 point, higher is worse). The change in the ODS was -1.34 for 0.25% tanfanercept and -1.28 for the placebo group.

Pharmacokinetics ("**PK**")

As there was no systematic exposure based on the Phase 1 clinical trial data, we did not do a PK analysis in the Phase 2 clinical trial in Greater China.

Immunogenicity

No immunogenicity analysis has been planned and completed in the Phase 2 clinical trial in Greater China.

Clinical Development of Tanfanercept in DED by HanAll

Completed Phase 2 Clinical Trial by HanAll in the United States

In October 2018, HanAll completed a Phase 2 clinical trial for tanfanercept (referred to as HL036 by HanAll) in adult patients with moderate-to-severe DED in the United States.

Study Design

This is a multi-center, double-blinded, randomized, placebo-controlled Phase 2 clinical trial evaluating the safety and efficacy of 0.25% tanfanercept and 0.10% tanfanercept (each versus placebo) in patients with moderate to severe DED.

This trial was conducted in 150 patients in the United States. This trial was being conducted with the application of a CAE. This study also included a two-week placebo run-in period.

Patients who were qualified for enrollment were randomized 1:1:1 to receive topical administration of 0.25% tanfanercept, 0.10% tanfanercept, or placebo, twice a day for eight weeks.

Patients were assessed at screening, at randomization, at evaluation visits on weeks 1, 2 and 4, and 8 following randomization.

The following measures were taken at randomization as baseline:

- the inferior corneal staining score (ICSS), a sign of dry eye disease assessed by Ora Calibra® Corneal and Conjunctival Fluorescein Staining Scale (0-4 point, higher is worse); and

- the ocular discomfort score ("**ODS**"), a symptom of dry eye disease assessed by Ora Calibra® Ocular Discomfort Scale (0-4 point, higher is worse).

The primary efficacy endpoints of this trial were (i) the pre-to-post CAE (a measure of protective effect of dry eye to adverse environment) change from baseline to week 8 in the ICSS and (ii) the pre-CAE change from baseline to week 8 in the ODS.

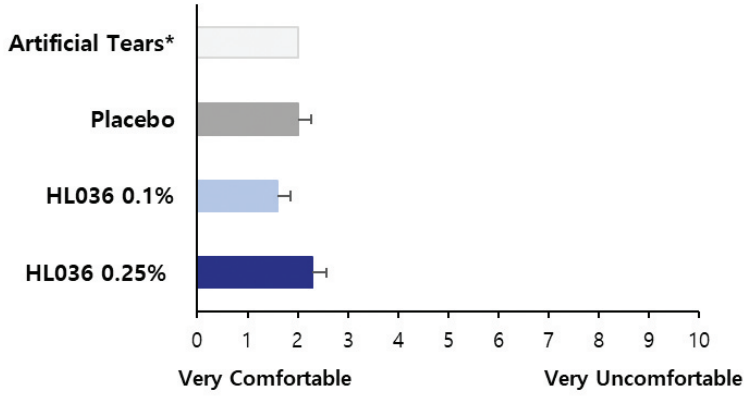
Study Results

Safety

Tanfanercept was well-tolerated without serious treatment emergent adverse events (TEAEs). All ocular TEAEs were mild to moderate and limited to site pain, conjunctivitis, site pruritus, eyelid pain and blurred vision.

In addition, as illustrated in the figure below, tanfanercept scored in the Comfortable Range. More importantly, using a Drop Comfort Scale measured from 0-10 at one minute after instillation, the active drug was equally comfortable with placebo and artificial tears. This is important for long-term patient compliance with topical treatments and can be expected to increase patient compliance.

Instillation Drop Comfort Score



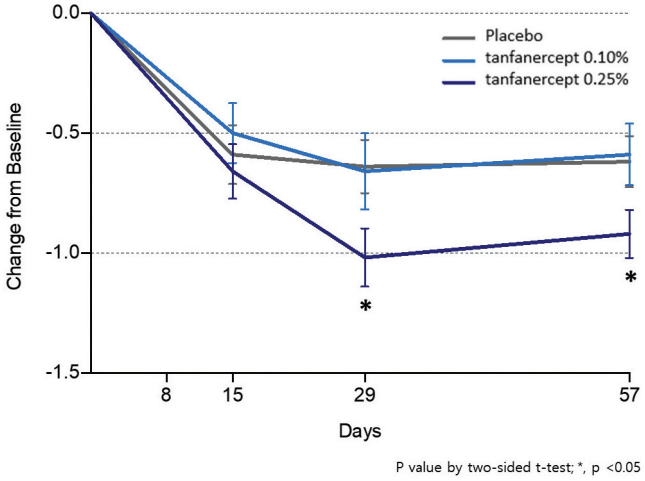
*Torkildsen, Gail et al., *Clinical Ophthalmology*. 11: 1883-1889.

Efficacy

The study showed that tanfanercept significantly improved both signs and symptoms of DED.

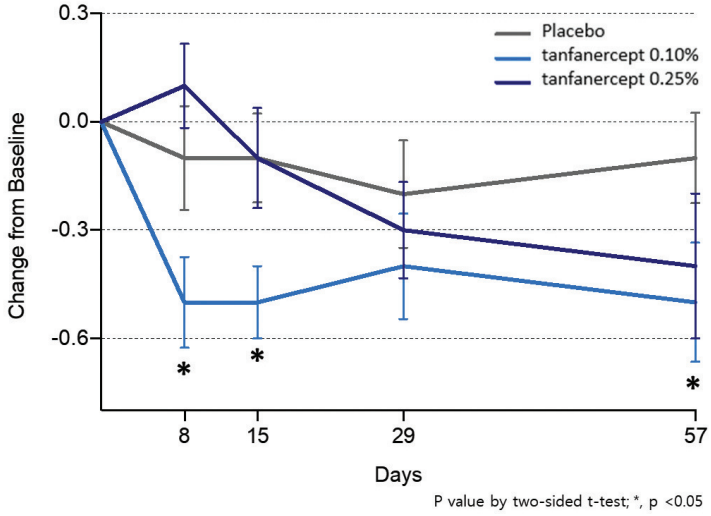
For the sign improvement, a statistically significant difference was seen in the ICSS at week 4 and reproduced at week 8 between 0.25% tanfanercept versus placebo group, confirming a protective effect of 0.25% tanfanercept against acute ocular surface damage during condition of environmental stress from the CAE challenge (low humidity, high air flow, constant visual tasking, etc.).

ICSS (Inferior Corneal Staining Score) pre- to post-CAE Change from baseline to week 8



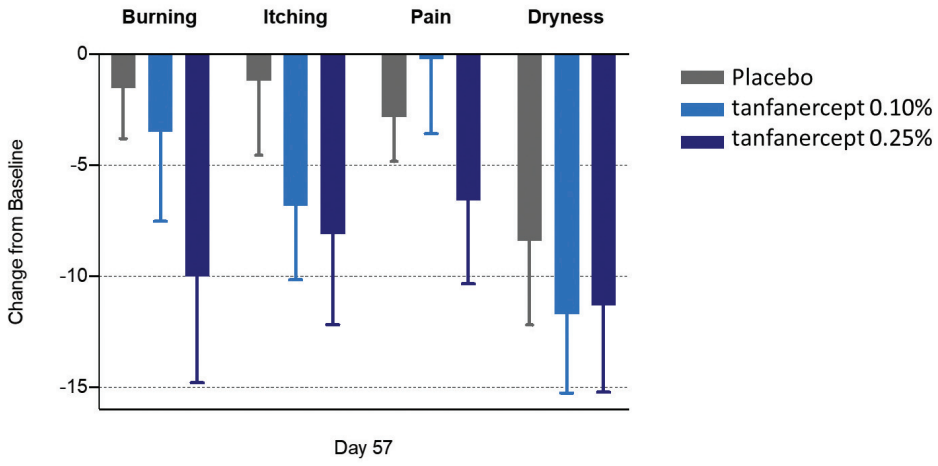
For the symptom improvement, 0.10% tanfanercept showed a statistically significant improvement in the ODS 1 week after treatment, which was sustained until the end of study at week 8. 0.25% tanfanercept also showed the same pattern of improvement until week 8.

ODS (Ocular Discomfort Score) pre-CAE Change from baseline to week 8



The symptom improvement was also confirmed by the Visual Analog Scale (VAS), in particular, effects of burning, itching, pain and dryness as reported by patients. Both 0.25% tanfanercept and 0.10% tanfanercept showed numeric improvement in the various VAS scores at week 8 compared to placebo group.

VAS (Visual Analog Scale) pre-CAE Change from baseline at week 8



Pharmacokinetics ("**PK**")

As there was no systematic exposure based on the Phase 1 clinical trial data, no PK analysis was done in the Phase 2 clinical trial in the United States.

Immunogenicity

ADA was positive in 21% (20/95) of patients in tanfanercept 0.10% and 0.25% group. No significant difference observed between ADA(+) vs ADA(-) patients in terms of overall efficacy and safety profiles of tanfanercept.

Ongoing Phase 3 Trials in the United States

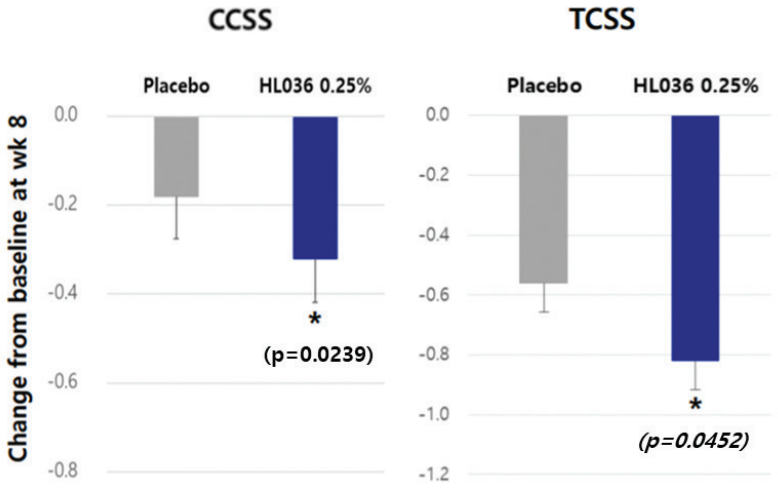
Tanfanercept is undergoing Phase 3 clinical trials by HanAll in the United States. The first Phase 3 trial was completed in January 2020. HanAll expects to proceed with a second Phase 3 study in 2021 as planned.

The first Phase 3 trial was conducted in dry eye patients across 12 clinical sites in the United States. 637 patients were divided into 2 groups to receive tanfanercept ophthalmic solution 0.25% or placebo twice daily for 8 weeks. For efficacy evaluations, the objective endpoint (signs) was measured by assessing the improvement of corneal damage at each corneal area including, superior (SCSS), central (CCSS), and inferior (ICSS), and also the total sum of these corneal areas (TCSS). The subjective endpoint (symptoms) was measured by the

Ocular Discomfort Score (ODS), a patient-reported assessment of eye discomfort, and Eye Dryness Score (EDS), a patient-reported evaluation of eye dryness. Safety evaluations included all adverse events, not limited to ophthalmic events, that occurred in both groups during the dosing period and analyzed rates between the two groups and association of adverse events to drug exposure.

The first Phase 3 trial showed statistically significant difference of tanfanercept 0.25% ophthalmic solution from placebo in the endpoints CCSS (p=0.0239), a measure of improvement in central corneal damage, and TCSS (p=0.0452), a measure of improvement across total corneal regions, under the nature environment (pre-CAE change from baseline at week 8). Achievement of statistical significance in between-treatment difference in CCSS and TCSS may have higher clinical importance than significance observed in ICSS from the previous Phase 2 trial by HanAll, because CCSS is related to visual function and TCSS reflect the total damages of patient's ocular surface. These endpoints have also been agreed by the US FDA as the primary endpoint to measure the treatment effect on clinical signs.

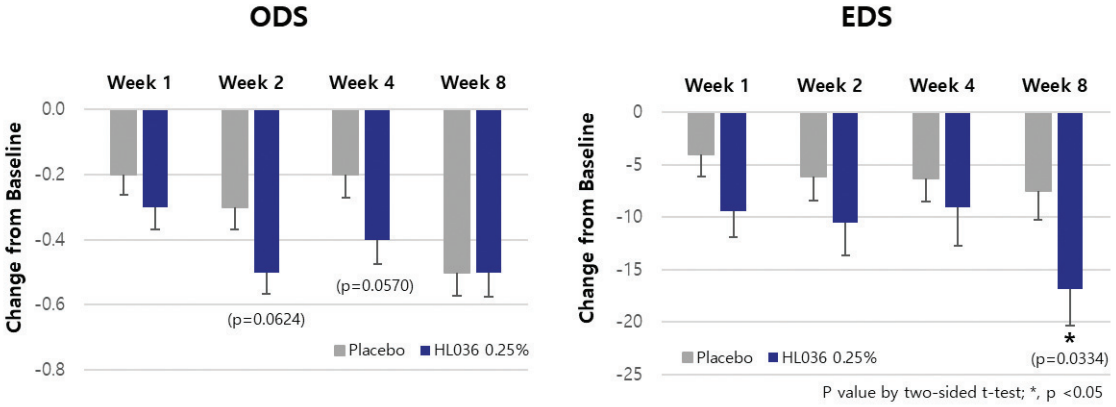
CCSS (Central Corneal Staining Score) and TCSS (Total Corneal Staining Score) Pre-CAE from Baseline (week 8), U.S. Phase 3 trial



P value by two-sided t-test; *, p <0.05 (Italic letter, p value by ANCOVA model)

In symptom evaluations, tanfanercept ophthalmic solution 0.25% showed a trend of improvement in Ocular Discomfort Score (ODS) from week 2 (p=0.0624) and week 4 (p=0.0570) compared to placebo, but did not achieve statistical significance (p<0.05) at week 8 due to increased placebo effect commonly seen in dry eye studies. However, the study showed statistically significant difference in improving Eye Dryness Score (EDS) at week 8 (p=0.0334) for patients who had artificial tear used within one month prior to the screening, which was used in competitor product Xiidra's clinical studies as a symptom endpoint.

ODS (Ocular Discomfort Score) and EDS (Ery Dryness Score) change from Baseline to week 8, U.S. Phase 3 trial



Most adverse events during the clinical study were mild in severity and there was no difference in rates between the tanfanercept 0.25% ophthalmic solution and placebo groups.

Although the first Phase 3 trial by HanAll did not meet the primary endpoints of ICSS and ODS, the achievement of statistical significance in CCSS, TCSS, and EDS improvement under natural environment is a more clinically important finding, as CCSS and TCSS demonstrate efficacy in the central region and across the total corneal region and therefore are more clinically and commercially meaningful. Similarly, finding in EDS is meaningful as it is a reliable symptom endpoint which has been approved by the FDA. Furthermore, we believe TCSS, CCSS and EDS are clinically more important because (i) TCSS is the total scores of corneal staining, which reflects the global effects of the entire corneal region; (ii) CCSS is the corneal staining score of the central region, which is closely associated with the vision loss, one of the major clinical concerns related to DED; and (iii) EDS measures "eye dryness," which is the most representative symptom associated with DED, and is also one of the primary endpoints for Xiidra, the most recently approved DED drug in the United States.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET TANFANERCEPT SUCCESSFULLY.

HBM4003: A Differentiated HCAb-Based Next Generation Anti-CTLA-4 Antibody for Solid Tumors

Summary

HBM4003 is our internally developed, differentiated, fully human anti-CTLA-4 antibody against cytotoxic T-lymphocyte-associated antigen-4 (CTLA-4), one of the major negative regulators of T cell responses. We believe that HBM4003 will drive patient preference and market adoption over the first generation of anti-CTLA-4 molecules. HBM4003 was specifically designed utilizing our HCAb platform to enhance the efficacy and safety over the current anti-CTLA-4 antibody, and is the first HCAb antibody to be tested in the clinics within a short span of three years from candidate selection to clinical stage. HBM4003 has shown favorable properties compared with conventional anti-CTLA-4 antibodies in pre-clinical settings.

We are developing HBM4003 as a monotherapy in a Phase 1 clinical trial in Australia in patients with advanced solid tumors. This Phase 1 clinical trial is the first part of our overarching China and global development program, with clinical trials conducted globally covering both mono-and combination (PD-1) therapies. We anticipate reporting top-line results from part 1 of this trial by early 2021. In addition, we obtained an IND approval from the U.S. FDA in January 2020 and an IND approval from the NMPA in September 2020, each for conducting a Phase 1 trial for HBM4003 as a monotherapy in advanced solid tumors. Furthermore, we have initiated the development of HBM4003 as a combination therapy with PD-1 for advanced solid tumors, including melanoma, MSI-H CRC and NSCLC. We obtained an IND approval from the NMPA in September 2020 for HBM4003 as a combination therapy with PD-1 for various types of advanced solid tumors (such as melanoma). We believe these studies will enable us to pursue a potential pivotal trial and then seek the first BLA application for HBM4003 as a monotherapy and a combination therapy.

Overview of Current CTLA-4 Inhibitors and Their Limitations

CTLA-4 is a member of the immunoglobulin superfamily that is expressed by activated T cells and transmits an inhibitory signal to T cells. Anti-CTLA-4 antibodies have been developed with proven value in cancer immunotherapy. However, there remains a significant unmet need for next generation anti-CTLA-4 antibodies to address the key limitations associated with the first generation (e.g., ipilimumab). Several reports have documented a relatively high rate of ipilimumab-related serious adverse events (SAEs) when ipilimumab is used as a monotherapy, which leads not only to treatment interruption, discontinuation or hospitalizations but also to disabilities and deaths. When ipilimumab is used as a combination therapy, a key issue for successful combinatorial therapies is whether intensified anti-tumor response and improved overall survival can be achieved without a corresponding additive or synergistic serious toxicity. Ipilimumab in combination with nivolumab has demonstrated promising efficacy in first line treatment of NSCLC, in addition to melanoma, RCC and HCC. However, ipilimumab has been reported to cause significant toxicity, largely due to autoimmune side effects, particularly in combination with nivolumab (an anti-PD-1 therapy). The toxicity profile also limits the efficacy of ipilimumab when it is used as a combination therapy and therefore limits a broader application of the first generation anti-CTLA-4 antibodies. Accordingly, the ability to address these limitations and reach a broader patient population currently untouchable by ipilimumab will be a focal point of the next generation anti-CTLA-4 antibodies.

Market Opportunity in China and Globally

As of July 31, 2020, ipilimumab (Yervoy) is the only marketed CTLA-4 antibody. Yervoy was approved as a monotherapy and as part of the combination therapy in melanoma and in RCC in the United States. From 2012 to 2019, the global sales revenue of Yervoy increased from US$706 million to US$1,489 million.

Globally, the size of the CTLA-4 antibody market gradually increased to US$1.5 billion in 2019 due to commercialization of a few CTLA-4/PD-1 combination therapies for melanoma, RCC, MSI-H CRC and other advanced solid tumors since the approval of Yervoy. In 2020, the U.S. FDA approved ipilimumab/nivolumab combination therapy as a first-line treatment for NSCLC and as a second-line treatment for HCC. In addition, there are currently over 10 CTLA-4 antibodies in clinical development. For example, BMS is conducting numerous clinical trials of Yervoy in the United States both as a monotherapy and in combination with other therapies, such as nivolumab. According to the Frost & Sullivan Report, the launch of innovative CTLA-4 antibodies with higher safety and better efficacy and targeting more indications will drive the growth of the CTLA-4 market globally. It is estimated that the global CTLA-4 antibody market (by sales) will increase to US$3.8 billion by 2024 with a CAGR of 20.5% from 2019 to 2024 and further increase to US$8.3 billion by 2030 with a CAGR of 14.1% from 2024 to 2030.

According to the Frost & Sullivan Report, in the United States, the CTLA-4 market (by sales) is anticipated to reach US$2.0 billion in 2024 from US$1.0 billion in 2019, with a CAGR of 15.2% from 2019 to 2024 and further increase US$3.5 billion in 2030 with a CAGR of 9.5% from 2024 to 2030.

According to the Frost & Sullivan Report, in Europe, the CTLA-4 market (by sales) is anticipated to increase to US$1.1 billion in 2024 from US$0.4 billion in 2019 with a CAGR of 23.8% from 2019 to 2024 and further increase to US$2.3 billion in 2030 with a CAGR of 12.9% from 2024 to 2030.

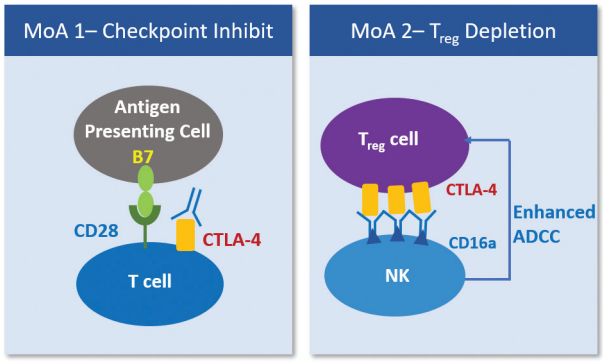
In China, Yervoy is expected to launch in 2020. According to the Frost & Sullivan Report, the CTLA-4 market (by sales) is expected to reach US$1.7 billion in 2030 with a CAGR of 30.6% from 2024 to 2030.

See also "Industry Overview – Overview of CTLA-4 Inhibitors Market Globally and in China."

HBM4003's Solution: Depleting Tregs with a differentiated mechanism of action

Mechanism of Action

As illustrated in the figure below, the immune stimulatory activity of HBM4003 is driven by two mechanisms: (i) inhibition of negative signaling from the interaction of CTLA-4 and the co-stimulatory molecule B7; and (ii) depletion of immune suppressive regulatory T cells (Treg) through enhanced ADCC.



Advantages of HBM4003

Despite demonstrated efficacy of the current CTLA-4 approaches, their safety profiles have been a barrier to broader application as both mono-and combination therapies. Based on pre-clinical data, we believe that HBM4003 has potential advantages over competing anti-CTLA-4 molecules, including:

- increased potential to deplete intratumoral Treg cells via enhanced ADCC strategy to break the significant immune-suppressive barrier of anti-cancer immunotherapies in solid tumors;
- promising safety profile resulting from the reduced drug exposure in the serum; and
- extensive combination potential with other anti-tumor or immunomodulatory antibodies, vaccines, and targeted therapies.

Clinical Development of HBM4003

Completed Pre-Clinical Studies for HBM4003

In the pre-clinical studies, HBM4003 showed a higher binding affinity towards both human and monkey CTLA-4 proteins than ipilimumab analogue on the order of 10^{-11} M as measured by K_D value (Table 1 below). HBM4003 also had a potent blocking activity to

CTLA-4 and its ligands B7-1 and B7-2 *in vitro*, with a half maximal effective concentration (EC_{50}) value in the nanomolar range (Figure 1 below). In addition, HBM4003 had a superior T_{reg} depletion activity compared to ipilimumab analogue in the *in vitro* ADCC killing assay (Figure 2 below).

Table 1: Ka, Kd, and K_D Analysis – Binding Affinity of HBM4003 to Human and Cynomolgus CTLA-4 Proteins

HBM4003 Shows Higher Binding Affinity To Human & Cyno CTLA-4 Than Ipilimumab Analogue

Antigen	Antibody	ka (10^6 1/Ms)	kd (10^{-5} 1/s)	K_D (10^{-11} M)
Human CTLA-4	Ipilimumab analogue	1.23	8.98	7.32
	HBM4003	5.40	7.58	1.40
Cynomolgus CTLA-4	Ipilimumab analogue	3.73	129	34.7
	HBM4003	4.55	11.0	2.43

Abbreviations: Ka, association rate constant; Kd, dissociation rate constant; K_D, equilibrium dissociation constant

Figure 1: Blocking Activity of HBM4003 for Human B7-1 and B7-2

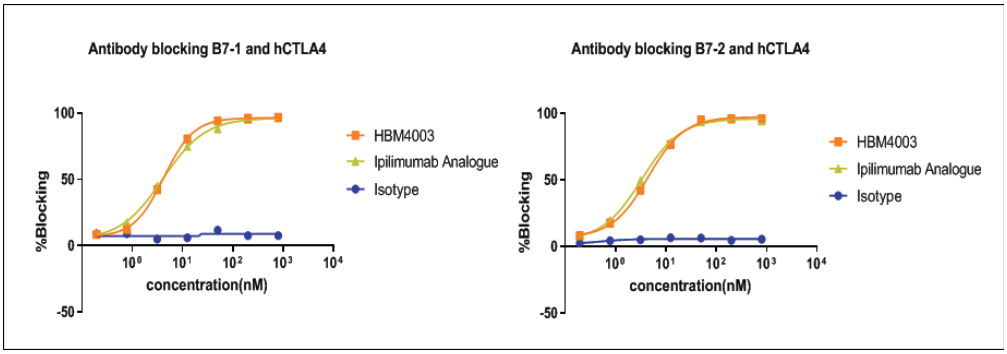
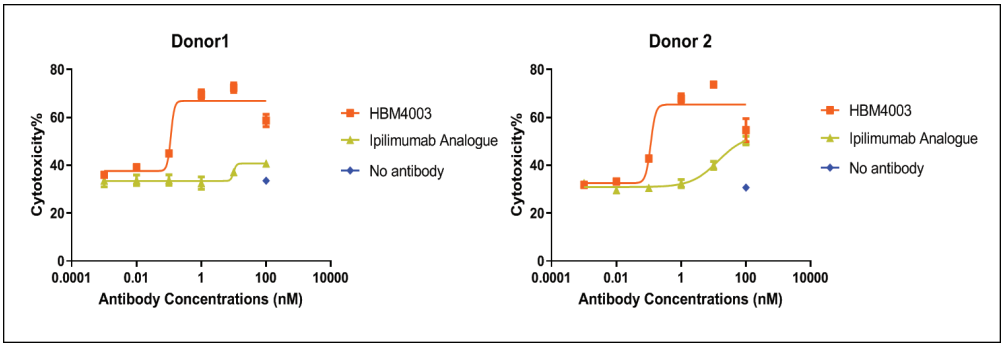


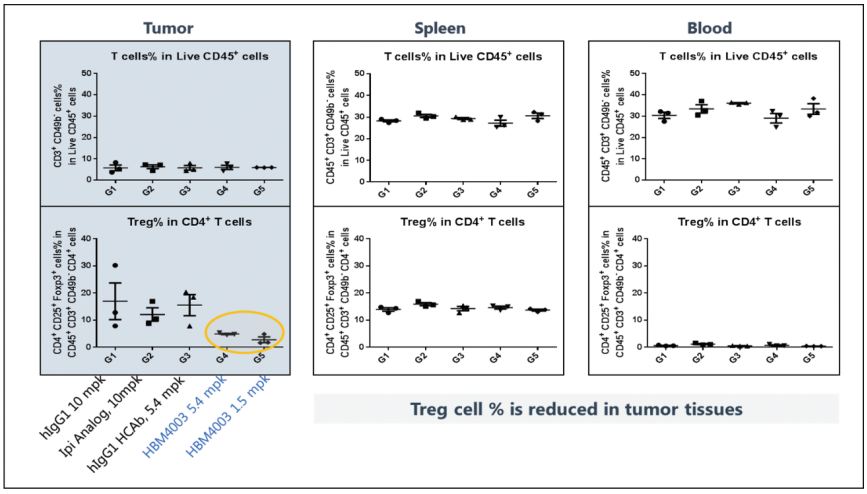
Figure 2: T_{reg} Depletion by HBM4003 in Primary Human PBMCs in *in vitro* ADCC Assay



The high potency of HBM4003 is attributed to activities in T_{reg} depletion in tumor tissues (Figure 3 below) in addition to CTLA-4 blocking. Therefore, at 1/6 dose of ipilimumab analogue, HBM4003 showed similar *in vivo* tumor growth inhibition (TGI) and prolonged mice survival (colored brown in Figure 4 below). Particularly, HBM4003 1.5mg/kg demonstrated similar mean survival time (MST) compared to ipilimumab 10mg/kg (21 vs 23 days)

Figure 3: *In Vivo* T_{reg} (%) in Tumor, Spleen, and Blood in MC38-Bearing hCTLA-4 KI Mice

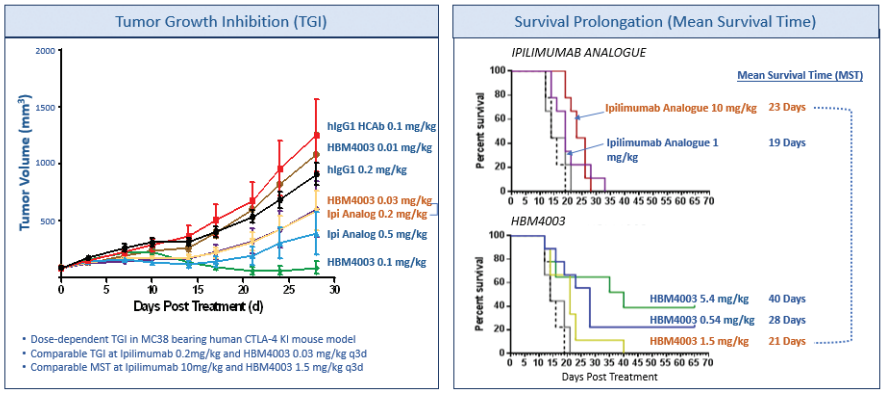
HBM4003 Led To Substantial Depletion Of TIL Tregs In MC38 Bearing hCTLA-4 KI Mice



Abbreviations: G1: hIgG1, 10 mg/kg; G2: ipilimumab analogue, 10 mg/kg; G3: hIgG1 HCAb, 5.4 mg/kg; G4: HBM4003, 5.4 mg/kg; G5: HBM4003, 1.5 mg/kg.

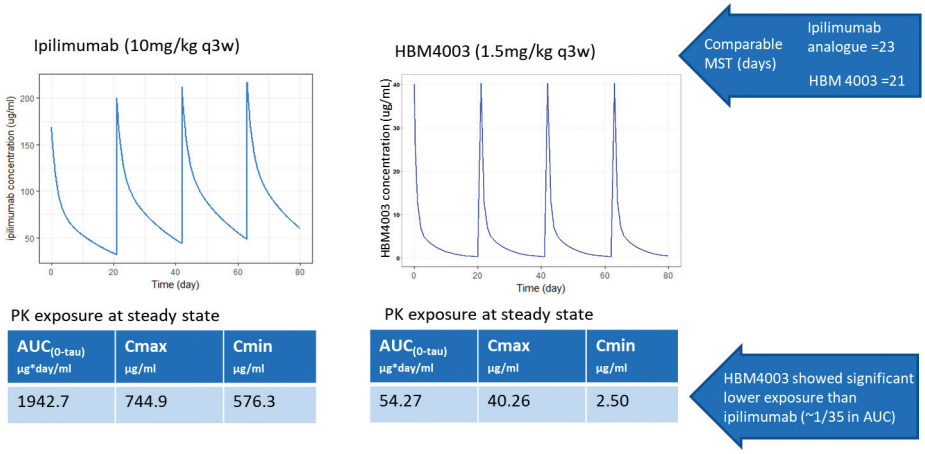
Figure 4: *In Vivo* Tumor Growth Inhibition and Mouse Survival Prolongation of HBM4003

HBM4003 Showed Notable in vivo Tumor Growth Inhibition And Prolonged Survival At Much Lower Dosing Compared To Ipilimumab Analogue



Notably, using allometric scaling from animal PK data, the predicted human HBM4003 PK profiles showed much lower exposure (~1/35 in AUC) compared with ipilimumab at the doses which demonstrated comparable mean survival time (MST) (as shown in Figure 5 below).

Figure 5: Predicted Human PK Profiles of HBM4003 and Ipilimumab at Doses of Comparable MST



We also did a good laboratory practice (GLP) four-week repeated-dose toxicity study in cynomolgus monkeys. The monkey toxicity study indicated that HBM4003 is well tolerated at a dose which also showed significant PD response.

Based on these promising pre-clinical data, we believe HBM4003 is expected to present a better therapeutic index with less toxicity in clinical studies.

Ongoing Phase 1 trial of HBM4003 as a monotherapy in Australia (HBM4003.1)

HBM4003.1 is an ongoing Phase 1 open-label, multicenter global clinical trial designed to evaluate the safety, tolerability, pharmacokinetic profile and preliminary anti-tumor activity of HBM4003 as a monotherapy in patients with advanced solid tumors. This Phase 1 clinical trial is the first part of our overarching China and global development program, with clinical trials conducted globally covering both mono-and combination (PD-1) therapies.

HBM4003.1 consists of two parts. The first part focuses on dose escalation and aims to identify the maximum tolerated dose (MTD) and recommended part 2 dose (RP2D) of HBM4003 as a QW or Q3W dose schedule. Once MTD and RP2D are established and some initial clinical efficacy signal is observed, the study will proceed to the second part, dose expansion cohorts where subjects with advanced solid tumors (including but not limited to, advanced/metastatic melanoma) will be treated at the RP2D dose regimen. This will allow the study to further explore the anti-tumor activities of HBM4003. The study adopts an "adaptive study" design so that patient enrollment can be expanded if there are potential clinical benefits observed from the HBM4003 treatment. We will take into account the safety results and RP2D of part 1 of this study for purposes of designing part 2 of this study. It is planned that we will initiate part 2 of this study by early 2021. Part 1 of HBM4003.1 commenced enrolment in Australia in September 2019. We plan to recruit 36 subjects for part 1 of this trial and 16 subjects for part 2 of this trial. As of 15 August 2020, we have recruited 13 subjects for part 1.

More specifically, HBM4003.1 is designed as a MRCT (multiple regional clinical trial) conducted globally. We intend HBM4003.1 to also include the planned Phase 1 clinical trials in China (for which we received the IND approval from the NMPA in September 2020), in the United States (for which we received the IND approval from the U.S. FDA in January 2020) and in Europe (for which we plan to submit an IND application to EMA). To further elaborate, part 2 of HBM4003.1 will focus on dose expansion on selected cancer types treated with RP2D and target to get an early signal of anti-tumor activity of HBM4003. Part 2 of HBM4003.1 may be conducted in different regions with different cancer types due to different local treatment landscapes across regions. We may start part 2 of HBM4003.1 directly if we are able to identify the RP2D from the data generated from the trial sites in Australia.

In addition, As we receive more data from this trial, we will work with investigators to further expand the recruitment indications (such as melanoma, MSI-H CRC and NSCLC). We will also work closely with the global regulatory agencies to explore the potential opportunities of accelerated BLA approval for the cancer types with significant unmet medical needs.

Clinical Development Plan for HBM4003

We have put in place a comprehensive, risk tiered development strategy of HBM4003 to allow us to lead the competition in the next generation anti-CTLA-4 antibody space. First, we will carefully target potential indications for HBM4003 where there continues to be significant unmet needs, where there is a strong scientific rationale and where there has been established a proof of concept based on ipilimumab or there is a preliminary efficacy signal from available HBM4003 data. Second, among the indications we selected, we intend to explore monotherapy trials for ipilimumab-approved indications and combination therapies for other selected indications for the next few years. Our initial focus is on CTLA-4/PD-1, the first clinically validated immunotherapy combination. We plan to gradually expand with novel combination therapies generated on our Harbour antibody platforms to further improve clinical response and the durability of response of existing therapies.

We anticipate reporting top-line results from part 1 of HBM4003.1 by early 2021. In addition, we obtained an IND approval from the U.S. FDA in January 2020 and an IND approval from the NMPA in September 2020, each for conducting a Phase 1 trial for HBM4003 as a monotherapy in solid tumors. We target to initiate part 2 of the Phase 1 monotherapy trial globally by early 2021 on advanced solid tumors.

In addition, we have initiated the development of HBM4003 as a combination therapy for advanced solid tumors, including melanoma, MSI-H CRC and NSCLC. We obtained an IND approval from the NMPA in September 2020 for HBM4003 as a combination therapy with PD-1 for various types of solid tumors. This study will evaluate the safety, efficacy and PK/PD profile of HBM4003 in combination with PD-1 at different doses and determine the appropriate treatment regimen for HBM4003 in combination with PD-1 on advanced solid tumors (such as melanoma, MSI-H CRC and NSCLC). We believe these studies will enable us to pursue a potential pivotal trial and then seek the first BLA application for HBM4003 as a monotherapy and a combination therapy.

For biotech companies with drug candidates that have global rights, Australia is a preferred venue for conducting clinical trials. We choose Australia for conducting HBM4003.1 as part of overall global development strategy of HBM4003. First, there is a strong government commitment and national action to ensure an efficient, high-quality and vibrant clinical trials environment in Australia. For example, Australia provides an attractive R&D tax incentive for companies that conduct clinical trials in Australia. Second, there are many internationally well-recognized investigators and experienced study teams and high quality hospitals and academic institutions for innovative trials in Australia. Third, high quality clinical data from clinical trials conducted in Australia can be used to support international regulatory applications in the key jurisdictions for HBM4003 in our development strategy, including the NMPA in China, the U.S. FDA and European Medicines Evaluation Agency (EMEA). Fourth, Australia has a streamlined, efficient regulatory system and an effective intellectual property protection. Fifth, Australia has an ethnically diverse patient population.

Material Communications with Regulatory Authorities in the PRC

In June 2020, we received the IND application acceptance letter from the NMPA for two Phase 1 clinical trials to evaluate the tolerability, safety and pharmacokinetics of HBM4003 as a monotherapy and as a combination therapy with anti-PD-1 monoclonal antibody in patients with solid tumors. We proposed the study of HBM4003 as a monotherapy in China to be part of the multi-regional clinical trial of HBM4003. We have not received any material concern for our IND application. We are not aware of any legal claims or proceedings that may have an adverse effect on our development of HBM4003. As of the Latest Practicable Date, we have not received objections to our clinical development plans with respect to the regulatory review or approval process of HBM4003.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET HBM4003 SUCCESSFULLY.

HBM9302: An Anti-human Epidermal Growth Factor Receptor 2 (HER2)/Anti-CD3 Bispecific Antibody for HER2-Positive Cancers

Summary

HBM9302 is a bispecific antibody targeting HER2xCD3 engineered to bind to two targets: (i) the HER2 molecule, over-expressed in a significant proportion of patients with solid tumors; and (ii) the CD3 molecule expressing on the surface of T cells. By binding to both targets simultaneously, HBM9302 bridges cytotoxic T cells (independent of their specificity) to HER2-positive cancer cells and exerts their cytotoxic effects against tumor cells.

Current therapies targeting HER2 overexpressing cancers, such as Herceptin (trastuzumab) and Kadcyla (T-DM1), have proven beneficial but therapeutic benefit is limited by many resistance mechanisms. Checkpoint inhibition therapies demonstrate the potential of

mobilizing T cell activities to elicit anti-tumor responses, but these T cell tumor-specific immune responses are highly immune contexture-dependent. HBM9302 is designed as an alternative way of leveraging T cell potency against tumor cells, independently of existing tumor immune response.

Pre-clinically, HBM9302 has been shown to do a better and faster job of killing tumors overexpressing HER2 than other antibody-based therapies have, including Herceptin (trastuzumab) and Kadcyla (T-DM1). For example, HBM9302 has demonstrated the potent killing of HER2 positive (IHC3+) and HER2 equivocal (IHC2+) cancer cells while maintaining an acceptable therapeutic window on cells expressing normal levels of HER2. The HBM9302 concentration required to kill primary cardiomyocytes with normal HER2 levels was up to 1000 times greater than that needed to kill HER2 3+ tumor cell lines.

HBM9302 (referred to as GBR1302 by Ichnos, which was spun off by Glenmark in 2019) is currently in a Phase 1 dose-escalation clinical trial by Ichnos as a monotherapy on a once every 2 weeks (Q2W) dose regimen in subjects with HER2-positive cancers in Germany and the United States to evaluate the safety, tolerability, and preliminary efficacy of HBM9302, including determining the maximum tolerated dose (MTD) in an all-comers population of patients with a variety of HER2 positive cancers. Preliminary data from peripheral blood biomarkers of this trial indicate that HBM9302 triggers relevant T cell activation and cytokine production. In addition, Ichnos has initiated another Phase 1 clinical trial to evaluate the safety, tolerability and preliminary efficacy of HBM9302 on a once weekly dose regimen in HER2-positive metastatic breast cancer subjects who have progressed on last therapy. In 2018, we obtained an exclusive license from Ichnos to develop HBM9302 in Greater China. HBM9302 was not generated on our Harbour antibody platforms. We plan to submit the IND application to the NMPA for HBM9302 in the treatment of HER2-positive breast cancer and gastric cancer in the first half of 2021.

Current Treatments and Market Opportunity in China

Despite recent treatment advances, there is still a significant need for new therapies that can impact metastatic disease. Herceptin (trastuzumab) given in combination with Perjeta (pertuzumab) and chemotherapy is the current front-line standard of care for HER2 positive metastatic breast cancer, and Kadcyla (T-DM1) is the standard second-line therapy for this set of patients. Although these treatments can be effective in blocking the tumor growth caused by the overexpression of HER2 receptor, the primary and acquired resistance limit their clinical benefit. For example, most patients with HER2 positive breast cancer eventually develop resistance to these treatments, resulting in disease progression. In addition, the treatment options are limited and the prognosis is dismal for patients with HER2-positive solid tumors after their trastuzumab resistance occurs. For these reasons, there is a significant unmet need for alternatives to treat HER2 positive patients who fail trastuzumab or T-DM1.

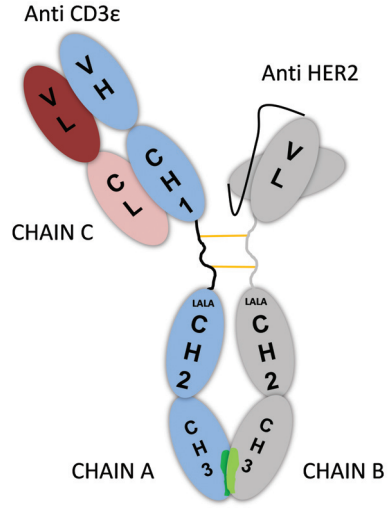
Compared with monospecific antibodies, the ability to bind two different antigens or epitopes simultaneously gives bispecific antibodies potential advantages by blocking different signaling pathways. Major types of anti-HER2 bispecific antibodies in clinical trials include

those that simultaneously bind (i) HER2 and immune cell modulates (e.g., HER2 and CD3, HER2 and CD137), (ii) HER2 and HER3 and (iii) two different epitopes of HER2. The bispecific binding mode results in a dual oncogenic signal blockade and overcomes drug resistance through synergistic mechanism of action, and increases degradation of HER2 proteins on the tumor cell surface, leading to potentially superior anti-tumor efficacy. To date, there is no approved HER2 bispecific antibody on the market. According to the Frost & Sullivan Report, the total market size of the anti-HER2 bsAbs market in China is expected to initiate in 2023 and reach US$45.3 million, and the market potential will be significantly promoted with the continuous deepening of clinical research, and it is expected to further increase to US$1,052.6 million in 2030, representing a CAGR of 56.7% from 2023 to 2030. For more details, see "Industry Overview--Overview of Anti-HER2 BsAb Market in China" for the competitive landscape and growth potential for anti-HER2 bispecific antibodies in China.

HBM9302's Solution: leveraging T cell potency against tumor cells while independent of existing tumor immune response

Mechanism of Action of HBM9302

HBM9302 possesses two antigen recognition sites, one for HER2, a tyrosine kinase receptor overexpressed by many cancer cell types, and one for the CD3 complex, a group of T cell surface glycoproteins that interact with the T cell receptor (TCR). Upon administration of HBM9302, this bispecific antibody simultaneously binds to both CD3-expressing T cells and HER2-expressing cancer cells, thereby crosslinking HER2-expressing tumor cells and cytotoxic T lymphocytes (CTLs). This may result in potent CTL-mediated lysis of HER2-expressing tumor cells.



Advantages of HBM9302

Based on pre-clinical data and preliminary data from the ongoing Phase 1 clinical trial by Ichnos, we believe that HBM9302 may offer the following advantages over existing treatments:

- HBM9302 triggers potent killing of HER2 positive (IHC3+) and HER2 equivocal (IHC2+) cancer cells, including the trastuzumab-resistant JIMT-1 cell line, while maintaining an acceptable therapeutic window (up to 1000-fold greater) on cells expressing normal levels of HER2.

- In a trastuzumab-resistant model, HBM9302 demonstrated potent tumor growth inhibition.

- Metastatic breast cancer patients with IHC2+ and 3+ responded favorably to single-agent HBM9302 and to combination with anti-PD1, compared with trastuzumab.

- There was an overall predictive response rate of 20% to single-agent HBM9302 and 36% to combination therapy of HBM9302 with anti-PD1 in metastatic breast and gastric cancer patients.

- Diverse relative abundance of immune cells was observed at a subset level between samples.

Clinical Development of HBM9302 by Ichnos

Completed Pre-clinical Studies of HBM9302

Pre-clinical pharmacology studies by Ichnos demonstrated that HBM9302 (referred to as GBR1302 by Ichnos) can trigger a potent killing of HER2 positive (IHC3+) as well as HER2-equivocal (IHC2+) cancer cells while maintaining an acceptable therapeutic window on cells expressing normal levels of HER2. In vitro assays, as well as in vivo tumor models comparing the potency of HBM9302 to trastuzumab or T-DM1 demonstrated a superior cytotoxic potential for HBM9302 against a variety of tumor cells and that HBM9302 is effective in trastuzumab-resistant tumors in vitro and in vivo. To further translate these observations into a clinically relevant human context, the effects of HBM9302 was studied as a single agent or a combination partner in a patient derived tumor microenvironment matched ex vivo assay with co-culture of autologous immune system and tumor tissue from 50 subjects with varying levels of HER2 expression ranging from 3+ to 1+. A HBM9302 treatment arm was compared to trastuzumab or to a combination of HBM9302 and a PD-1 inhibitor on metastatic breast, gastric and gastro-esophageal cancers.

Key data of the preclinical studies are summarized below:

Pharmacology

The anti-tumor potency of HBM9302 was assessed by using in vivo tumor xenograft experiments. In these models, a mix of human HER2 expressing tumor cells (target cells) and human peripheral blood mononuclear cells (PBMCs) (source of effector cells) were

grafted subcutaneously into immunodeficient mice. In xenografts of NCI-N87 tumor cells (HER2 3+ in IHC HercepTestTM), HBM9302 demonstrated almost complete cytotoxic activity at 0.2 μg/kg (200 ng/kg).

Compared with cancer cell lines overexpressing HER2, the cancer cell lines not overexpressing HER2 were killed very inefficiently by HBM9302. Tumor xenograft experiments with cells expressing normal levels of HER2 (HT1080, HER2 0+ by IHC HercepTestTM) showed that HBM9302 had only a minimal effect at 200 μg/kg, a dose 1000-fold higher than that was shown to be effective in tumors with high levels of HER2 expression.

A good laboratory practice (GLP) tissue cross-reactivity study on cryo-sections from a selected panel of human tissues was performed. Specific positive staining was observed with HBM9302-Biotin in epithelial cells, mononuclear cells, considered to be lymphocytes, and neural connective tissue in the majority of tissue examined. Additional staining was observed in exocrine cells in pancreas, endocrine cells in parathyroid, cells considered to be histiocytes in lung and stromal cells in ovary. This staining pattern is in agreement with the known expression of HER2 and CD3 molecules.

Pharmacokinetics

The pharmacokinetics of HBM9302 was evaluated after single dose intravenous route in rats, and after single dose intravenous and subcutaneous injection in NOD-SCID mice. In NOD-SCID mice with 100-fold increase in dose, from 0.05 to 5 mg/kg, the Cmax and area under the curve (AUC0-inf) increased by approximately 128-and 173-fold, respectively (more than dose proportional). In both rats and mice, the volume of distribution (Vss) ranged from 66 to 103 mL/kg, suggesting the antibody is generally confined to the systemic circulation.

With subcutaneous administration, the Cmax was achieved at 24 hours after the dose indicating slow absorption. The absolute bioavailability in NOD-SCID mice with subcutaneous administration was estimated to be approximately 82.4%.

The pharmacokinetics of HBM9302 was also evaluated in NOD-SCID mice with tumor xenograft. Results showed that the Vss was slightly higher (148 mL/kg). The clearance in NOD-SCID mice with tumor xenograft was slightly faster relative to that without tumor xenograft.

Toxicology

Trastuzumab scFv of HBM9302 is cross-reactive with monkey HER2 and the OKT3 Fab portion is human specific. As a result, there is no appropriate species in which to conduct toxicity studies. A strategy that utilizes an in vitro approach to assess nonclinical safety has therefore been adopted instead. No formal toxicology studies were performed.

The general tolerability of HBM9302 has been evaluated as part of single or repeated dose pharmacokinetic or pharmacology studies conducted in rats or NOD-SCID mice. No signs of overt toxicity or injection site irritancy were apparent in these in vivo studies.

Ongoing Phase 1 Clinical Trial of HBM9302

HBM9302 is currently in a Phase 1 dose-escalation clinical trial by Ichnos as a monotherapy on a once weekly (QW) dose regimen in subjects with HER2-positive cancers in Germany and the United States to evaluate the safety, tolerability, and preliminary efficacy of HBM9302, including determining the maximum tolerated dose (MTD) in an all-comers population of patients with a variety of HER2 positive cancers. Preliminary data from peripheral blood biomarkers of this trial indicate that HBM9302 triggers relevant T cell activation and cytokine production. Ichnos anticipates reporting the preliminary top-line data from this trial by the end of 2020. In addition, Ichnos has initiated another Phase 1 clinical trial to evaluate the safety, tolerability and preliminary efficacy of HBM9302 on a once weekly dose regimen in HER2-positive metastatic breast cancer subjects who have progressed on the last therapy.

Our Clinical Development Plan for HBM9302

In 2018, we obtained an exclusive license from Ichnos to develop HBM9302 in Greater China. We plan to submit the IND application to the NMPA in the first half of 2021 for a Phase 1 study to evaluate the safety and tolerability of HBM9302 in Chinese HER2 positive solid tumor subjects. Based on the upcoming preliminary data from the Phase 1 clinical trials by Ichnos, we may consider initiating a pivotal registrational trial in HER2 positive or equivocal solid tumors, including breast cancer and gastric cancer. In addition, we are evaluating the development opportunities in other HER2 positive tumors with potentially significant unmet medical needs, such as NSCLC, UC, GEA, bladder and ovarian.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET HBM9302 SUCCESSFULLY.

Selective Pre-Clinical Stage Assets

HBM9022

HBM9022 is a fully human, neutralizing antibody 47D11 co-discovered by Utrecht University (UU) and Erasmus Medical Center using our Harbour antibody platforms. In June 2020, we entered into a collaboration with UU, Erasmus Medical Center and Abbvie, a global leader in developing innovative antiviral therapies, to co-develop HBM9022 to prevent and treat COVID-19, the pandemic respiratory disease caused by the SARS-CoV-2 virus.

The antibody discovery, published online on May 4 in Nature Communications, targets a conserved region of the virus' spike protein and uses a mechanism that is independent of receptor-binding inhibition. In preclinical settings, this antibody was shown to block infection by the SARS-CoV-2 and a second coronavirus SARS-CoV, showing its ability to cross-neutralize SARS-CoV and SARS-CoV-2. This antibody will be useful for developing antigen detection tests and serological assays targeting SARS-CoV-2. This antibody-either alone or in combination-offers the potential to prevent and/or treat COVID-19, and possibly also other future emerging diseases in humans caused by viruses from the Sarbecovirus subgenus.

Specifically, in preclinical settings, HBM9022 lead antibody 47D11 showed a inhibitory concentration (IC50) of approximately 0.19 μg/ml in SARS-CoV authentic virus infection neutralization assay, and a IC50 of approximately 0.57 μg/ml in SARS-CoV-2 authentic virus infection neutralization assay. Neutralizing 47D11 was seen to bind to S1B (RBD) of spike proteins of SARS-CoV and SARS-CoV-2 and block the fusions induced by the spike proteins from SARS-CoV and SARS-CoV-2.

HBM9022 is being studied in preclinical settings and we expect to file an IND for HBM9022 by early 2021.

With Abbvie's support, this collaboration is an endorsement of our approach to fully human antibody discovery and development and provides an excellent opportunity to translate our research into a clinical candidate with great potential for advancing the fight against this global pandemic.

HBM1007

HBM1007 is a fully human mAb against CD73 generated from our H2L2 Platform. HBM1007 is an ecto-enzyme expressed on stromal cells and tumors that converts extracellular adenosine monophosphate (AMP) to adenosine. High concentration of adenosine, predominantly signaling through the A2A receptor, suppresses innate and adaptive immune cell responses leading to tumor escape from immune surveillance. With unique epitopes to recognize CD73, HBM1007 works through dual modes of action: first, it can block the enzymatic activity of both membrane and soluble CD73 independent of AMP concentration, suggesting its sustainable activity in TME, and second, it reduces the surface expression of CD73. As a result, both enzymatic and non-enzymatic dependent functions of CD73 were significantly reduced.

In preclinical settings, HBM1007 showed a potent blocking effect in CD73 enzymatic assay, downregulating surface CD73 expression level on human cancer cell lines measured by flow cytometry and recovering primary T cell proliferation in the presence of adenosine monophosphate (AMP) in a dose dependent manner. In lung cancer and triple negative breast cancer xenograft mouse models, HBM1007 abrogated tumor growth and even led to tumor regression. With excellent anti-tumor potency and impressive developability demonstrated in ongoing pre-clinical studies, HBM1007 shows great potential as a promising anti-tumor monotherapy for patients with high CD73 expression. We also expect HBM1007 will benefit broader patient populations with its unique dual mechanism of actions as combination therapies.

HBM1007 is being studied in preclinical settings and we expect to file an IND for HBM1007 in 2021.

HBM7015

HBM7015 is a bifunctional fusion protein, consisting of a fully human IgG1 monoclonal antibody against PD-L1 generated on our H2L2 Platform and the soluble extracellular domain transforming growth factor, beta receptor II (TGFBR2) from the natural human TGFbRII protein sequence, which acts as a TGF-β trap. By our in-house antibody engineering design, these two parts are fused together to generate the bifunctional fusion protein. HBM7015 entered into the CMC development stage in the fourth quarter of 2019. In the ongoing pre-clinical studies, HBM7015 showed superior synergistic anti-tumor activity than PD-L1 or TGFBR2 alone, suggesting a dual targeting of PD-L1 and TGFBR2, which may provide a solution to the resistance mechanism associated with anti-PD-1/PD-L1 therapy and therefore improve the tumor sensitization to anti-PD-1/PD-L1 therapy. Furthermore, in in-vitro studies, HBM7015 has shown better PD-L1 binding activity and TGF-β blocking potency than competitor drugs.

HBM7015 is being studied in preclinical settings and we expect to file an IND for HBM7015 by early 2022.

HBM7020

B-cell maturation antigen (BCMA) is a surface marker that is highly expressed on malignant plasma cells of multiple myeloma (MM) patients and has been recognized as an ideal target for T cell redirecting therapies. BCMA x CD3 bispecific antibodies can specifically recognize BCMA on MM cells and CD3 on T cells and therefore can crosslink both cells and activate T cells to trigger their cytotoxic activity to specifically kill MM cells. Currently, T cell-recruiting bispecific antibodies have shown potent tumor killing activity in humans, but cytokine release-related toxicities and the short half-life have affected their clinical utility.

Leveraging our HBICE™ technology, we are developing HBM7020 as a BCMAxCD3 bispecific antibody equipped with HCAb-based immune cell engagers potentially capable of delivering tumor-killing effects unachievable by combination therapies. We believe HBM7020 has the potential to become a highly efficacious bispecific antibody to selectively deplete BCMA-positive MM cells and represent a differentiated immunotherapeutic antibody for patients with MM.

We are studying HBM7020's therapeutic efficacy and cytokine release in both *in vitro* and *in vivo* studies. HBM7020 has a "2+1" format, with one antigen-binding fragment (Fab) to CD3 and two HCAbs binding to BCMA. This format has been shown to improve the selectivity to BCMA+ multiple myeloma cells and induce efficient tumor cell killing in vitro of BCMA-positive MM cells with less cytokine release, without affecting BCMA-negative cells. In addition, the activity of HBM7020 was not affected by the presence of (i) soluble BCMA or a proliferation-inducing BCMA ligand and (ii) B-cell-activating factor (BAFF). In addition,

HBM7020 was shown good half-life in PK studies and robust tumor growth inhibition in mouse xenograft models. Furthermore, HBM7020 has cross activities to human/cynomolgus BCMA and CD3. It has been tested in cell-based assays and showed selectively depletion of BCMA-positive MM cells with limited cytokine (IL6 and TNFα) release. The activity of HBM7020 was not influenced by the presence of soluble BCMA, APRIL and BAFF. HBM7020 showed robust tumor growth inhibition and complete tumor clearance at a QW dose of 0.5mg/kg in the subcutaneous NCI-H929 xenograft model.

HBM7020 is being studied in preclinical settings and we expect to file an IND for HBM7020 in 2022.

HBM7008

HBM7008 is another example of HBICE. Immunotherapies based on immune cell engagers have been inspiring yet challenging due to limited efficacy and significant safety concerns. It has been well established that 4-1BB signaling provides co-stimulatory signals for various types of immune cells. However, clinical application of conventional anti-4-1BB agonistic antibodies has been limited, due to severe toxicity and/or low response rate. The next generation bispecific antibodies derived by targeting both immune cells and tumor associated antigens (TAA) confer advantages over the conventional mono-specific molecules.

HBM7008 displays high efficacy and specificity. The lead candidate specifically activates the NF-kB pathway and co-stimulates T cells in a TAA-dependent manner. In vivo studies further validate a robust anti-tumor activity which also relies on TAA-mediated crosslinking. Therefore, the TAA x 4-1BB HBICE™ not only displays high potency in the T cell co-stimulation and tumor growth inhibition, and potentially may also translate to better safety due to its strict dependency on TAA-mediated crosslinking. Furthermore, in in-vitro assays, HBM7008 activated T cells in TAA positive tumor cell lines, but not in TAA negative cell lines measured by IL2 release. In vivo study of the TAA x 4-1BB with the CT26-TAA/4-1BB knock-in syngeneic mouse model showed tumor regression upon the antibody treatment. TAA x 4-1BB significantly increased the ratios of CD8+ T cells and effector memory CD8+ T cells in ex-vivo analysis of mouse studies. HBM7008 showed a typical human IgG pharmacokinetics profile with half-life around 8-10 days in mice. HBM7008 exemplifies the power of the HBICE™ Platform for development of next generation therapeutic antibodies. Our H2L2 Platform enables discovery and development of products with attributes not achievable by conventional antibody platforms or a simple combination of two monoclonal antibodies.

HBM7008 is being studied in preclinical settings and we expect to file an IND for HBM7008 by early 2022.

HBM1029

Claudin 18.2 (CLDN18.2) is a tumor associated antigen and has been identified as a promising target for the treatment of gastric or gastroesophageal junction (GEJ) adenocarcinoma. IMAB362 (Zolbetuximab) is a first-in-development chimeric IgG1

monoclonal antibody that binds to CLDN18.2 on the cell surface and mediates cell death through antibody-dependent cellular cytotoxicity (ADCC) and complement-dependent cytotoxicity (CDC). The overall objective response of IMAB362 for patients with gastric cancer is about 10%. Therefore, we developed CLDN18.2-specific fully human monoclonal antibodies and explored their anti-tumor activities.

Based on our patented transgenic mouse platform, we developed HBM1029 as a fully human monoclonal antibody (H2L2) equipped with higher CLDN18.2 binding affinity, stronger ADCC and CDC anti-tumor activities than IMAB362. In addition, HBM1029 was shown to have a longer half-life in mouse PK studies. We believe HBM1029 has the potential to become a highly efficacious antibody to selectively deplete CLDN18.2-positive cells and represent a differentiated therapeutic biologics for patients with gastric or GEJ cancer.

HBM1029 is being studied in preclinical settings and we expect to file an IND for HBM1029 by end of 2021.

For the development of HBM9302 and our preclinical stage assets, (i) first, we intend to prioritize the development of assets that can address urgent unmet medical need; (ii) second, we intend to advance the drug candidates generated by our antibody platforms (in particular, our HBICE™ Platform); and (iii) third, we plan to strategically develop drug candidates with differentiated properties to build a risk-tiered portfolio. Specifically, based on this development strategy, we intend to focus on advancing HBM9022 from the preclinical stage to the clinical stage first, followed by (i) HBM9302, HBM1007, HBM7008 and HBM7020 and (ii) HBM7015 and HBM1029.

LICENSING AND COLLABORATION AGREEMENTS

In-Licensing Agreements for Our Drug Candidates

License Agreement with HanAll for Tanfanercept

In September 2017, we entered into a license agreement with HanAll BioPharma Co., Ltd. ("HanAll"), a pharmaceutical company listed on the Korea Exchange (KRX: 9420) and primarily focused on research and development of innovative medicines such as new antibody drugs for rare diseases, regarding the development and commercialization of tanfanercept in Greater China. Under this agreement, HanAll granted us an exclusive, royalty-bearing license, with the right to grant sublicenses, under HanAll's and its affiliates' patents and know-how to research, develop, seek regulatory approval for, manufacture, use, import, sell and otherwise commercialize tanfanercept for all human uses in Greater China.

Under this agreement, we are responsible for development, regulatory affairs and commercialization of tanfanercept in our licensed territory. In that regard, we are required to use commercially reasonable efforts to seek regulatory approval of tanfanercept, including using all available accelerated or fast-track regulatory and clinical development pathways (e.g., rare disease approval pathways) applicable in our licensed territory.

Although HanAll will provide us with certain biological materials and chemical compounds related to tanfanercept for our use in furtherance of our development and manufacturing activities, pre-clinical, clinical and commercial manufacture of tanfanercept for our licensed territory is our sole responsibility.

The parties established a joint development committee under this agreement. Such committee's role is to guide the collaboration, including by overseeing the development and manufacture of tanfanercept in the licensed territory and the exchange of related information between the parties. Any disputes that the committees cannot resolve are first referred to the parties' executive officers and if the executive officers cannot resolve the dispute, it will be submitted to arbitration.

As between the parties, we own the data that we generate in connection with this agreement, HanAll owns data that it generates in connection with the agreement, and any jointly developed data is jointly owned. Any inventions related to tanfanercept that we create will be exclusively licensed to HanAll on a royalty-free, fully-paid, perpetual, irrevocable, and sublicensable basis for use outside our licensed territory.

During the term of this agreement, neither we nor any of our affiliates, either ourselves or through any third party, may develop, seek regulatory approval for, manufacture or commercialize any molecularly engineered human tumor necrosis factor receptor I (p55) fragment protein or any fragment, conjugate, derivative or modification of a molecularly engineered human tumor necrosis factor receptor I (p55) fragment protein, in each case that is a functional human tumor necrosis factor (TNF) inhibitor, in our licensed territory. We may, however, provide proprietary transgenic mice to third parties to immunize with antigens that are unknown to us. During the term of this agreement, neither HanAll nor any of its affiliates, on their own or through a third party, may develop, seek regulatory approval for, manufacture or commercialize any molecularly engineered human tumor necrosis factor receptor I (p55) fragment protein or any fragment, conjugate, derivative or modification of a molecularly engineered human tumor necrosis factor receptor I (p55) fragment protein, in each case that is a functional human tumor necrosis factor (TNF) inhibitor in our licensed territory.

As consideration, we made an upfront payment of US$2,000,000 and milestone payments of US$2,000,000 in the aggregate for the initiation of phase 1 and phase 2 clinical trials in our licensed territory. We will be required to make further payments of up to US$17,000,000 in the aggregate, for the achievement of specified development and regulatory milestones for licensed products, if such licensed products are successfully progressed against up to six indications. In addition, we will be required to make further payments of up to US$19,500,000 in the aggregate for the achievement of specified commercial milestones for licensed products, if

such licensed products are successfully progressed against all indications. We also will be required to pay tiered royalties on net sales of tanfanercept at percentages in the high-single-digits to mid-teens, subject to specified offsets and reductions.

Each party has the right to terminate this agreement following an uncured material breach by the other party. In addition, if we repeatedly fail to comply with our diligence obligations to develop, seek approval or commercialize tanfanercept during a twelve month period, HanAll may terminate this agreement. Further, if we, on our own or through a third party, challenge the validity or enforceability of any of any HanAll patent in our licensed territory related to tanfanercept, HanAll has the right to terminate this agreement. We have the right to terminate this agreement on sixty days' written notice before initiation of the first phase 3 study of tanfanercept, and on one hundred eighty (180) days' notice after we have initiated such phase 3 study. Both parties have the right to terminate in the event of the other's bankruptcy.

Unless terminated earlier as described above or by mutual written agreement of the parties, this agreement will remain effective until the expiration of the last royalty term for tanfanercept in the licensed territory, which is the later of (i) expiration of the last-to-expire valid claim of the patents relating to tanfanercept that would, but for the licenses granted under this agreement, be infringed by the manufacture, use or sale of tanfanercept in such country/region in the licensed territory; or (ii) fifteen (15) years after the first commercial sale of tanfanercept in such country/region in the licensed territory. Upon expiration (but not termination) of this agreement, our exclusive license with respect to tanfanercept in the licensed territory will become nonexclusive, fully paid-up and royalty free.

License Agreement with HanAll for Batoclimab

In September 2017, we entered into a license agreement with HanAll regarding the development and commercialization of batoclimab in Greater China. Under this agreement, HanAll granted to us an exclusive, royalty-bearing license, with the right to grant sublicenses, under HanAll's and its affiliates' patents and know-how to research, develop, seek regulatory approval for, manufacture, use, import, sell and otherwise commercialize batoclimab for all human uses in Greater China.

Under this agreement, we are responsible for development, regulatory affairs and commercialization of batoclimab in our licensed territory. In that regard, we are required to use commercially reasonable efforts to seek regulatory approval of batoclimab, including using all available accelerated or fast-track regulatory and clinical development pathways (e.g., rare disease approval pathways) applicable in our licensed territory and, if those efforts are successful, commercialize batoclimab in that territory.

Although HanAll will provide us with certain biological materials and chemical compounds related to batoclimab for our use in furtherance of our development and manufacturing activities, pre-clinical, clinical and commercial manufacture of batoclimab for our licensed territory is our sole responsibility.

The parties established a joint development committee under this agreement. Such committee's role is to guide the collaboration, including by overseeing the development and manufacture of batoclimab in the licensed territory and the exchange of related information between the parties. Any disputes that the committees cannot resolve are first referred to the parties' executive officers and if the executive officers cannot resolve the dispute, it will be submitted to arbitration.

As between the parties, we own the data that we generate in connection with this agreement, HanAll owns data that it generates in connection with the agreement, and any jointly developed data is jointly owned. Any inventions related to batoclimab that we create will be exclusively licensed to HanAll on a royalty-free, fully-paid, perpetual, irrevocable, and sublicensable basis for use outside our licensed territory.

During the term of this agreement, neither we nor any of our affiliates, either ourselves or through any third party, may develop, seek regulatory approval for, manufacture or commercialize any recombinant monoclonal antibody that is a functional human neonatal Fc receptor inhibitor in our licensed territory. We may, however, provide proprietary transgenic mice to third parties to immunize with antigens that are unknown to us (including if the resulting product is a recombinant monoclonal antibody that is a functional human neonatal Fc receptor inhibitor). Similarly, during the term of this agreement, neither HanAll nor any of its affiliates, on their own or through a third party, may develop, seek regulatory approval for, manufacture or commercialize any recombinant monoclonal antibody that is a functional human neonatal Fc receptor inhibitor in our licensed territory.

As consideration, we have made an upfront payment of US$2,000,000 and milestone payments of US$2,000,000 in the aggregate for the initiation of phase 1 and phase 2 clinical trials in our licensed territory. We will be required to make further payments of up to US$17,000,000 in the aggregate for achievement of specified development and regulatory milestones for licensed products, if such licensed products are successfully progressed against up to six indications. In addition, we will be required to make further payments of up to US$19,500,000 in the aggregate, for the achievement of specified commercial sale milestones for licensed products, if such licensed products are successfully progressed against all indications. We also will be required to pay tiered royalties on net sales of batoclimab at percentages in the mid-single-digits to low-teens, subject to specified offsets and reductions.

Each party has the right to terminate this agreement following an uncured material breach by the other party. In addition, if we repeatedly fail to comply with our diligence obligations to develop, seek approval for or commercialize batoclimab during a twelve-month period, HanAll may terminate this agreement. Further, if we, on our own or through a third party, challenge the validity or enforceability of any HanAll patent in our licensed territory related to batoclimab, HanAll has the right to terminate this agreement. We have the right to terminate this agreement on sixty days' written notice before initiation of the first phase 3 study of batoclimab, and on one hundred eighty (180) days' notice after we have initiated such phase 3 study. Both parties have the right to terminate in the event of the other's bankruptcy.

Unless terminated earlier as described above or by mutual written agreement of the parties, this agreement will remain effective until the expiration of the last royalty term for batoclimab in the licensed territory, which is the later of (i) expiration of the last-to-expire valid claim of the patents relating to batoclimab that would, but for the licenses granted under this agreement, be infringed by the manufacture, use or sale of batoclimab in such country/region in the licensed territory; or (ii) fifteen (15) years after the first commercial sale of batoclimab in such country/region in the licensed territory. Upon expiration (but not termination) of this agreement, our exclusive license with respect to batoclimab in the licensed territory will become nonexclusive, fully paid-up and royalty free.

License Agreement with Ichnos (Glenmark Pharmaceuticals SA) for HBM9302

In August 2018, we entered into an agreement with Glenmark Pharmaceuticals SA ("**Glenmark**"), a global pharmaceutical company, concerning the development and commercialization of our HBM9302 candidate in Greater China. Ichnos SA ("**Ichnos**"), which was spun off by Glenmark in 2019 and with a focus on biotech innovation, is now the licensor of HBM9302. Under this agreement, Ichnos granted us an exclusive license under its and its affiliates' patents and know-how related to HBM9302 to develop, register, use and commercialize HBM9302 in Greater China, as either a monotherapy or in combination with a PD-1 or PD-L1 inhibitor, for the treatment of breast cancer and gastric cancer, and such other indications for which Ichnos obtains approval outside our licensed territory during the term. We may sublicense this license to distributors, sub-distributors, sellers, resellers or sales agents in the territory.

Under this agreement, we are solely responsible for development, manufacture, registration and commercialization of HBM9302 in our licensed territory and all related costs. Ichnos agreed to deliver a sufficient quantity of HBM9302 to us for free so that we can conduct clinical trials in our licensed territory. If we elect to commercialize HBM9302 in the licensed territory, we have the option of either purchasing commercial supply from Ichnos or manufacturing HBM9302 ourselves (or through a CMO). If we elect to manufacture HBM9302 ourselves or through a CMO, Ichnos must provide us with the materials reasonably necessary to begin such commercial manufacture and reasonable assistance to implement or use those materials.

The parties established a joint steering committee, or JSC, and joint development and information committee, or JDIC, under this agreement. The JSC is responsible for overall management of the collaboration, and the JDIC assists in execution of development activities. The parties have equal representation on both committees, and decisions of both committees require unanimous vote. If the JDIC is unable to reach consensus on a matter, the matter is submitted to the JSC for resolution. If the JSC is unable to reach consensus on a matter, such matter is first escalated to the parties' executive officers and then, if such individuals cannot resolve the matter, it is submitted to binding arbitration.

As consideration, we made an upfront payment of US$6,000,000. We will be required to make further payments of up to US$35,000,000 in the aggregate, for the achievement of specified development and regulatory milestones for licensed products, if such licensed products are successfully progressed against all indications. In addition, we will be required to make further payments of up to US$80,000,000 in the aggregate for the achievement of specified commercial milestones for licensed products, if such licensed products are successfully progressed against all indications. We also will be required to pay tiered royalties on net sales of HBM9302 at percentages in the high-single-digits to low-double-digits, subject to specified offsets and reductions.

During the term of this agreement, so long as each of us and Ichnos complies with our obligations, neither party will, either directly or in collaboration with any third party, develop, manufacture or commercialize any bispecific antibody targeting both HER2 and CD3 in the licensed territory.

The term of this agreement continues until the later of expiration of all product claims in Ichnos's or its affiliates' patents that cover HBM9302 or 12 years after the first commercial sale of HBM9302 in the licensed territory. Each party has the right to terminate this agreement following an uncured breach by the other party. In addition, if our marketing or sale of HBM9302 in the licensed territory damages Ichnos's reputation or causes Ichnos to receive product liability or consumer claims, Ichnos, after giving us an opportunity to cure, may terminate this agreement without notice. Further, if we fail to make any required milestone payment or we fail to achieve a milestone event due to circumstances within our control, Ichnos, after giving us an opportunity to cure, may terminate this agreement without notice.

We may not assign this agreement to another party without Ichnos's prior written consent. As a condition of any consent by Ichnos, we will indemnify and hold Ichnos and its affiliates harmless against any and all losses, damages or expenses caused to Ichnos by any breach of this agreement by the assignee. If we undergo a change in control without Ichnos's prior written approval, Ichnos, after giving us an opportunity to cure, may terminate this agreement.

In-Licensing Agreements for Our H2L2 Platform and HCAb Platform

We have been party to agreements with Department of Cell Biology at Erasmus Medical Center, Erasmus MC Holding B.V., a healthcare, educational services and medical research provider (collectively, "**Erasmus MC**"), and Dr. Roger Kingdon Craig ("**Craig**"), a research scientist and professor at University of Massachusetts Medical School specializing in cell biology, since 2006. Under these agreements, Erasmus MC and Craig have granted us licenses to certain of their intellectual property related to transgenic mice and Erasmus MC and Craig have agreed to performed additional research on transgenic mice. The agreements that are still effective are summarized below.

Transgenic Mice License Agreement

In December 2009, we entered into a License Agreement with Department of Cell Biology at Erasmus Medical Center, Erasmus MC Holding B.V. and Craig. Pursuant to this agreement, Erasmus MC and Craig granted us a worldwide, exclusive, sublicensable license to certain of their intellectual property to use, manufacture, market, offer for sale, sell, supply, keep, breed, cross breed and import H2L2 and HCAb transgenic mice and any antibodies obtained or derived from these transgenic mice, including modifications, derivatives, fragments, and complexes of such antibodies, fusion proteins and conjugates of the foregoing and nucleic acid sequences encoding any of the foregoing. In exchange, we granted Department of Cell Biology at Erasmus Medical Center and Craig a non-exclusive, perpetual, royalty-free license under the intellectual property that we licensed, to conduct non-commercial research related to the transgenic mice and use the transgenic mice for educational purposes.

Under this agreement, we are required to use commercially reasonable efforts to exploit the transgenic mice and any antibodies derived from them in accordance with a business plan.

As consideration, we pay annual access fees of €100,000 to Erasmus MC and Craig together. We are also responsible for the payment of all costs related to the filing, maintenance, prosecution, defense and enforcement of the patents that we licensed. There are no milestone or royalty payments under this agreement. Erasmus MC and Craig will not receive any future royalty payments from antibody products generated from our H2L2 Platform and HCAb Platform.

The term continues for so long as the H2L2 and HCAb transgenic mice are in existence and have the potential to generate income through our sublicensing activities. Either party may terminate the license for the other party's uncured material breach. Erasmus MC or Craig may terminate this agreement if we fail to pay the annual access fee and fail to cure such failure after receiving notice, we become insolvent or are declared bankrupt, we enter into voluntary liquidation or are ordered to have a compulsory liquidation, we cease trade as defined in our then-effective business plan, or we fail to comply with our obligations to exploit the transgenic mice in accordance with the business plan.

Neither party may assign this agreement without the prior written consent of the other parties, which shall not be unreasonably withheld. Notwithstanding that requirement, we may assign our rights and obligations to a third party in connection with the sale of all or substantially all of our assets to a third party. If we undergo a change of control, Erasmus MC and Craig may collaborate with other academic third parties in relation to the HCAb transgenic mice on a strictly academic research basis.

Transgenic Mice Research Collaboration Agreement

In January 2017, we entered into a Research Collaboration Agreement with Department of Cell Biology at Erasmus Medical Center, pursuant to which Erasmus MC agreed to perform certain research activities following an annually updated research plan with respect to the H2L2 and HCAb transgenic mice and antibodies developed through their exploitation. We own all of the inventions, information, data, material and know-how created under the research activities performed pursuant to this agreement. Pursuant to this agreement, the research

activities performed by Erasmus MC primarily focus on (i) improving current H2L2 and HCAb mice with the aim to increase efficiency of antibody generation after immunization; (ii) reducing time and cost to generate antibodies; (iii) improving immunization of different proteins, which are either similar to proteins that naturally occur in the mouse or protein that occur on the cell surface and (iv) streamlining and expanding immunization programs.

The Department of Cell Biology at Erasmus Medical Center has the right to conduct non-commercial research for academic purposes, and any intellectual property developed in connection with that separate work is owned by Erasmus MC. Erasmus MC is required to disclose such intellectual property to us and we have a right of first refusal to obtain a sublicensable license to that intellectual property. As consideration, we pay all budgeted costs associated with the planned research plan.

This research and collaboration agreement has an initial term which ends on 1 January 2022. If the parties do not agree on an extension or renewal, or to have the agreement expire, it will automatically continue for two additional years. This research and collaboration agreement may be terminated by either party for convenience on six months' written notice. Additionally, either party may terminate the agreement immediately upon an uncured material breach by the other party, bankruptcy of the other party, or if the license agreement entered into in 2009 by the parties (summarized above) is terminated. Our Directors are of the view that discontinuation of the collaboration (if that happens) will not have a material negative impact on the maintenance, upgrading and other research and development activities relating to our H2L2 Platform and HCAb Platform. First, we do not rely on the research activities performed by Erasmus MC to maintain and upgrade the technology infrastructure and conduct research and development activities relating to our H2L2 Platform and HCAb Platform. The fees under this agreement only accounted for 3.6%, 2.3% and 4.1% of our total research and development expenses in 2018, 2019 and for the six months ended June 30, 2020. Second, our research and development team is capable of independently conducting all the related maintenance, upgrading and other research and development activities on our H2L2 Platform and HCAb Platform. For the last four years, we have established a R&D team of approximately 150 scientists with deep scientific talent and extensive experience at multinational pharmaceutical companies. In addition, we have independently discovered and developed on our own all of the antibodies generated on these two platforms since in-licensing the related technologies, including all of our internally developed drug candidates and the molecules we out-licensed to or collaborated on with our partners. Through years of continually refining our platform technologies, our R&D team has possessed all the related technologies and knowhow to maintain and upgrade these two platforms and conduct all the required research and development activities on these two platforms. Third, this agreement does not prohibit us from independently conducting research and development activities relating to our H2L2 Platform and HCAb Platform during the term of this agreement or after the agreement is terminated.

Neither party may encumber, put in charge, pledge or mortgage this agreement without the prior written consent of the other. However, we may assign this agreement to an affiliate and either party may assign this agreement in connection with a merger, sale of all or substantially all of its assets, consolidation or other business reorganization that involves all or substantially all of its assets.

Licensing and Collaboration Agreements Relating to Our Harbour Antibody Platforms

We have monetized our Harbour antibody platforms through different types of arrangements. We describe each of the primary arrangements in additional detail below.

Out-Licensing Program

In our out-licensing program, we license to our partners our platform technologies to generate antibodies for potential therapeutic targets.

Under these arrangements, we typically grant our partners worldwide, non-exclusive licenses under our intellectual property and technology to use our transgenic mice to generate antibodies and exploit such antibodies and antibody products. In exchange for these rights, our partners pay us upfront payment, fees and milestones as well as royalties based on net sales, depending on the breadth and success of their development program.

The term of these agreements continues for so long as our partner continues development of the candidates that are discovered using our transgenic mice. We maintain the right to terminate these types of agreements upon uncured material breach of the other party.

Neither party may assign these agreements without the written consent of the other, except we may assign these agreements to an affiliate, purchaser of all or substantially all of the assets to which an agreement relates, or any successor corporation resulting from a merger or consolidation. In some agreements, our partners may also assign these agreements to an affiliate, purchaser of all or substantially all of the assets to which an agreement relates, or any successor corporation resulting from a merger or consolidation without our prior written consent, while, in other cases, our partners may do so only with our prior written consent, not to be unreasonably withheld.

In addition, we sometimes choose to out-license the compounds generated on our Harbour antibody platforms to our partners. We may receive an upfront payment, fees and milestones, as well as royalties based on net sales.

Co-Discovery Program

In our co-discovery programs, we work with partners to discover drug candidates using our platform technologies.

We typically grant a non-exclusive, non-transferable, non-sublicensable and royalty-free, technology license to our partner relating to the applicable co-discovered product generated on platforms for the development of such product in a pre-defined territory. In a co-discovery relationship, we are typically primarily responsible for, (i) providing Harbour mice intellectual property rights relating to such product worldwide; (ii) generating, supplying, at our own cost, the antibody candidates required for our partner to perform CMC and pre-clinical studies and (iii) jointly own and execute clinical development and commercialization activities for the

product globally, or each party is responsible for clinical development and commercialization in predefined geographic regions. Our partner is typically primarily responsible for (i) conducting, at its own cost, pre-clinical studies for the product; (ii) developing and validating, at its own cost, CMC techniques for the product and (iii) all the clinical development and commercialization activities for the product in the pre-defined territory. We typically bear all costs and expenses associated with preparing and filing an IND and all the clinical development and commercialization activities for the product outside of the pre-defined territory, and our partner typically bears all costs and expenses associated with preparing and filing an IND and all the clinical development and commercialization activities for the product within the pre-defined territory. In consideration of the license by us, our partner typically pays us an upfront fee and agrees to pay us royalties in respect of the total annual net sales of the product in the pre-defined territory.

Under a co-discovery program, we typically establish joint steering committees to approve, modify and implement each of our partner's research, development, manufacturing and commercialization plans. We and our partners have an equal number of representatives on these committees, and decisions of these committees require consensus. Unresolved matters are initially escalated to the parties' executives and if the executives are unable to align, disputes may be submitted to arbitration or the agreement may be terminated, depending on the arrangement.

Co-Discovery Opportunity Identification, Evaluation and Selection Process

We intend to focus primarily on exploring co-discovery partnerships with reputable industry partners to build an extended portfolio based on our Harbour antibody platforms. We have developed and will continue to improve our approach to identify and evaluate co-discovery opportunities from prospective partners for their potential fit within our Harbour antibody platforms and our growing portfolio. Our business development team works together seamlessly with antibody discovery team, pre-clinical team and our clinical development team to identify valuable co-discovery opportunities.

Set forth below is a summary of our co-discovery opportunity identification and evaluation process on our Harbour antibody platforms:

- *Pro-active screening.* Our teams across our different offices collaborate to develop a high level strategy, based on unmet medical need and potential commercial value, in areas of immunology and immune-oncology. Our business development team then works with our antibody discovery team to perform a top down screen to put together a target set of potential assets that our Harbour antibody platforms can generate that may fit our strategic objectives. We then reach out to potential partners for initial discussion on potential co-discovery opportunities, often leveraging relationships our team has built over many years in the industry.

- *Assessment of scientific and development feasibility*. For opportunities of interest, our teams work jointly to evaluate (i) our partners' research, CMC capabilities and capex heavy infrastructure and (ii) the potential molecule's overall likelihood of technical success. The assessment includes reviewing available information on the underlying biological rationale, pre-clinical data and manufacturability to support the envisioned target product profile.

- *Evaluation of commercial potential*. In parallel with the technical assessment, our business development team conducts primary research to evaluate the critical commercial parameters for the potential molecule, including clinical benefit and differentiation compared to alternative treatments that are currently approved or in development, pricing and reimbursement considerations, market exclusivity, and sales and marketing strategy. We pay particularly close attention to opportunities to address diseases with a large patient population but limited available treatments in China. Cost-effectiveness and ease-of-use are also important considerations.

- *Deal proposal and contract negotiation*. Based on the results of cross-departmental assessment, our business development team, with the support of senior management, generates a deal proposal driven by the commercial potential and probability of technical success of the co-discovery candidate. We work with our partners to develop a detailed clinical development strategy, along with its associated estimated costs, to understand the feasibility and timelines for China or global registration. Furthermore, our team works together with our potential co-discovery partner to address any outstanding business issues and negotiate a final agreement.

Selected Out-License and Collaboration Agreements Relating to Our Harbour Antibody Platforms

In 2018 and 2019 and for the six months ended 30 June 2020, our results of operations were significantly affected by our out-licensing and collaboration agreements with Hualan and Teruisi.

License and Collaboration Agreements with Hualan

In October 2019, we entered into license and collaboration agreements with Hualan Genetic Engineering Co., Ltd. ("Hualan"), a national high-tech biopharmaceutical company listed on the Shenzhen Stock Exchange (SZSE: 002007) in China primarily focused on research and development and production of monoclonal antibodies, recombinant human coagulation factors, and recombinant hormone drugs, whereby we and Hualan agreed to (i) collaborate on programs to co-develop our proprietary BCMA×CD3 bispecific antibody (the "BCMA×CD3 Product," and such agreement, the "BCMA×CD3 Product Agreement"); (ii) collaborate on programs to co-develop our proprietary Claudin 18.2 monoclonal antibody (the "Claudin 18.2 Product," and such agreement, the "Claudin 18.2 Product Agreement") and (iii) collaborate on programs to co-develop our proprietary PD-L1×TGF-β bispecific antibody Claudin (the "PD-L1×TGF-β Product," and such agreement, the "PD-L1×TGF-β Product Agreement"). Each of the BCMA×CD3 Product, the Claudin 18.2 Product and the PD-L1×TGF-β Product is referred to as a "Licensed Product," and collectively as the "Licensed Products." Each of the

BCMA×CD3 Product Agreement, the Claudin 18.2 Product Agreement and the PD-L1×TGF-β Product Agreement is referred to as a "Licensed Product Agreement," and collectively as the "Licensed Product Agreements."

Under each Licensed Product Agreement, we grant an exclusive, non-transferable, non-sublicensable and royalty-bearing, license to Hualan under our intellectual property rights relating to the applicable Licensed Product for the development of such Licensed Product in Greater China, consisting of Mainland China, Hong Kong, Taiwan and Macau.

We are primarily responsible for (i) preparing, filing, prosecuting, and maintaining intellectual property rights relating to each Licensed Product worldwide; (ii) supplying the Licensed Product required for Hualan to perform CMC under the development plans; (iii) preparing and filing an IND for each Licensed Product outside of Greater China and (iv) all the clinical development and commercialization activities for the Licensed Product outside of Greater China. Hualan is primarily responsible for (i) conducting, at its own cost, CMC and pre-clinical studies for each Licensed Product for the purpose of IND submission for both Greater China and outside of Greater China; (ii) developing and validating, at its own cost, CMC techniques for each Licensed Product; (iii) preparing and filing an IND for each Licensed Product in Greater China and (iv) all the clinical development and commercialization activities for each Licensed Product in Greater China. We will bear all costs and expenses associated with preparing and filing an IND and all the clinical development and commercialization activities for each Licensed Product outside of Greater China. Hualan will bear all costs and expenses associated with preparing and filing an IND and all the clinical development and commercialization activities for each Licensed Product in Greater China. Each party is responsible for using commercially reasonable efforts in performing its respective activities under each Licensed Product Agreement. Hualan will be the preferred manufacture for us, but we will have the option to have one or more manufactures other than Hualan.

In consideration of the licenses under the Licensed Product Agreements, Hualan paid us an aggregate upfront fee of RMB60.0 million (equivalent to approximately US$9.1 million) (RMB20.0 million for each agreement) and agreed to pay us royalties at low-single-digit percentages in respect of the total annual net sales of each Licensed Product in Greater China.

We and Hualan established a joint steering committee with equal representation to oversee and coordinate the development of each Licensed Product. All decisions of the joint steering committee are to be made by a unanimous vote. If the joint steering committee cannot reach a consensus, then such issue will first be referred to the respective chairman of the board of directors or executive officer of each party to try to reach a mutually acceptable resolution. In the event that they are unable to resolve such dispute, each party will have the sole authority to decide such matter. For the avoidance of any doubt, each party will have the right to decide on all steps to be taken in connection with the development and commercialization of each Licensed Product in its respective territory.

Without our prior written consent, Hualan must not, directly or indirectly, transfer, sell, create a lien on or otherwise dispose of ("**Transfer**") any of Hualan's rights to a Licensed Product to a third party. In the event that Hualan intends to Transfer to a third party any or all of its rights to such Licensed Product after such product is in clinical development or approved, Hualan must provide us with a written notice (which must include the transferee's information and the key terms of such transfer) thirty business days prior to the proposed transfer date. Within 20 business days after receipt of such written notice, we have the right to (i) purchase the transferred rights on the same terms as set forth in the written notice, (ii) request the transferee to purchase in the same proportion our rights to such Licensed Product or (iii) consent to such transfer by Hualan.

Unless terminated earlier in accordance with the terms thereof, each Licensed Product Agreement shall continue in effect. Each Licensed Product Agreement may be terminated by mutual written consent of both parties or by either party for the other party's uncured material breach.

Unless otherwise agreed to by both parties, within three years after a Licensed Product Agreement is terminated by a party for the other party's uncured material breach, the breaching party must not develop, license to any third party, manufacture or commercialize the related Licensed Product (the "**Post-Termination Development**"). In the event that the breaching party elects to engage in the Post-Termination Development within the three-year period, the breaching party shall pay to the rightful terminating party RMB20.0 million.

Licensing Agreement with Teruisi (antibody intermediates for ADC/bispecific development)

In August 2018, we entered into a licensing agreement with Zhejiang Teruisi Pharmaceutical Co., Ltd. ("**Teruisi**"), a China-based bio-pharmaceutical company specializing in monoclonal antibody product development and commercial manufacturing, including biosimilars and innovate biopharmaceuticals, whereby Teruisi has chosen three antibody intermediates discovered by us through the H2L2 Platform for Teruisi's development of antibody-drug conjugate (ADC) or bispecific antibodies.

Under this agreement, we grant Teruisi an exclusive, non-transferable, non-sublicensable and royalty-free license to use three proprietary antibody intermediates to generate ADCs, and non-exclusive, non-transferable, non-sublicensable and royalty-bearing license to use these three proprietary antibody intermediates to generate bispecific antibodies and to develop and commercialize such products. All rights related to these proprietary antibody intermediates, as well as all of our proprietary technology for generating these three proprietary antibody intermediates, shall be owned solely by us. All ADC and bispecific antibodies developed based on these three proprietary intermediates shall be owned solely by Teruisi, which are subsequently transferrable and sublicensable. We must not license any of these antibody intermediates to any other third parties or develop, manufacture or commercialize ADC based on any of these antibody intermediates. Unless otherwise agreed to by us, Teruisi must not modify any of these proprietary intermediates during the development process. Teruisi must not use any of these proprietary intermediates to develop, manufacture or commercialize any drug other than ADC or bispecific antibodies.

In consideration of the license granted to Teruisi by us, Teruisi agrees to pay to us a total amount of fees of RMB30.0 million, and, conditioned upon the achievement of certain developments, clinical and commercial milestones, Teruisi has agreed to pay us milestone payments in the aggregate amount of approximately US$7.0 million for certain bispecific products on a product-by-product basis. In addition, Teruisi agrees to pay us royalties at a low-single-digit percentage in respect of the total annual sales of bispecific antibody products developed under this agreement. As of the Latest Practicable Date, Teruisi has paid us a fee of RMB7.0 million.

Unless terminated earlier in accordance with the terms thereof, this agreement shall continue in effect for thirty-six months. This agreement may be terminated by mutual written consent of both parties or by either party for the other party's uncured material breach.

Discovery Agreements with Teruisi

In August 2018, we entered into two discovery agreements with Teruisi, whereby we will discover two antibody intermediates through the H2L2 Platform based on the antigens provided by Teruisi.

Under these agreements, all of our proprietary technology for generating the antibody intermediates shall be owned solely by us. All rights related to the antibody intermediates and the antibodies or related products developed based on the antibody intermediates shall be solely owned by Teruisi.

As consideration, Teruisi agrees to pay us research fees of RMB10.0 million for each agreement, or total RMB20.0 million. As of the Latest Practicable Date, Teruisi has paid us RMB11.0 million in aggregate for the agreements.

Unless terminated earlier in accordance with the terms thereof, this agreement shall continue in effect for thirty-six months. This agreement may be terminated by mutual written consent of both parties or by either party for the other party's uncured material breach.

*Collaboration and License agreement with Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd. ("**Kelun**")*

In August 2018, we entered into a strategic collaboration and license agreement with Kelun, a pharmaceutical company focused on research and development and manufacturing of innovative small molecules, biologics, generics, and new drug delivery system, with respect to the development and commercialization of a humanized IgG1 monoclonal antibody. Under this agreement, Kelun granted to us an exclusive, royalty-bearing, sublicensable license to explore, develop and commercialize this compound as a monotherapy outside Greater China. In September 2019, we received an IND approval from the U.S. FDA for a Phase 2 clinical trial of this compound in nasopharyngeal cancer (NPC). We are evaluating the development strategy of this compound in the United States.

OUR RESEARCH AND DEVELOPMENT

We believe research and development is critical to our future growth and our ability to remain competitive in the global biopharmaceutical market. We are dedicated to building a biopharmaceutical company driving innovation of next generation antibody therapeutics.

We have established a robust governance regime for all stages of our research and development activities, through our internal discovery, CMC, pre-clinical and clinical development programs, and through product acquisition and in-licensing strategies. The research and development governance regime has enabled our senior management to continuously oversee and monitor our company's research and development activities for complying with applicable laws, regulations, rules, guidelines and internal policies. In particular, we have established (i) the Research Portfolio Review Board (RPRB) for leading the strategy development and driving the operation of all discovery and pre-clinical programs and (ii) the Development Portfolio Research Board (DPRB) for steering the development of all clinical development-stage drug candidates. Each of these two boards consists of senior representatives from the respective functional units to review, discuss and determine the critical "checkpoints" of our research and development activities.

We conduct our R&D operations in China, the United States and Europe through our network of innovation. In China, we have access to a deep scientific talent pool and proximity to extensive pre-clinical study and clinical trial resources through collaborations with leading hospitals. Our U.S. R&D operations are currently primarily responsible for the studies of our discovery-stage drug candidates. Our R&D operations in the Netherlands are currently primarily responsible for the continued development of our H2L2 Platform and HCAb Platform through collaboration with Erasmus Medical Center and other academic institutions in Europe.

We conduct our R&D activities through an in-house R&D team. Our R&D team has a full range of capabilities from product selection to pre-clinical studies to clinical trials. Our in-house translational medicine research team carries out several activities to facilitate our pre-clinical and clinical studies, including compound activity profiling using in vitro cell-based assays, regular histological and immunohistochemical staining of human and mouse tumor tissues and bioinformatics data processing and analysis. We also collaborate with academic institutions and industrial partners to engage in joint investigations, such as biomarker discovery and tumor immune-profiling, and to conduct research projects that range from tumor modeling to drug discovery. We believe our R&D team and our discovery strategy will enable us to achieve our long-term goal of commercializing innovative oncology drugs for patients worldwide.

As of 30 June 2020, we had a total number of 149 employees and consultants in our R&D team, among which 136 were located in China, 12 were located in the United States and one was located in Europe. Members of our R&D team have deep scientific talent and extensive experience at multinational pharmaceutical companies and are deeply committed to advancing our mission to become a leader in next-generation cancer therapies. Our R&D team consists of our drug discovery and pre-clinical research team, clinical development team and CMC team.

In addition, we collaborate with external research partners, such as leading contract research organizations (CROs), academic institutions and commercial partners. Our market-driven R&D efforts focus on product candidates that address clinical needs within China's large and growing therapeutic areas of autoimmune diseases and oncology.

For the years ended 31 December 2018 and 2019 and six months ended 30 June 2020, our research and development expenses were US$31.6 million, US$49.5 million and US$15.2 million, respectively.

Drug Discovery and Pre-clinical Development

Our drug discovery and pre-clinical research team is dedicated to drug discovery, formulation development, process development and pre-clinical research of new drug candidates. Leveraging our powerful HCAb Platform and H2L2 Platform, we focus on building up an innovative discovery portfolio based on three pillars: our HBICE™ technology and other platform technologies; our collaboration with leading academic institutions; and our partnership with leading industry partners.

First, we seek proof of concept of differentiated drug candidates using our HBICE™ technology on the HCAb Platform. The molecules generated by our HBICE™ technology have flexible formats, smaller molecule size, simple structure and straightforward downstream processes. Compared with the conventional bispecific antibodies and current combination therapies, our HBICE™ technology enables us to recruit immune cells to tumor microenvironment and specifically activate the anti-tumor immune effects, thereby achieving synergistic effects or even creating novel biology mechanisms of action. We are only developing bispecifics with immune cell engagers with tumor-killing effects that cannot be readily achieved by combination therapies. Our drug discovery and pre-clinical research team is dedicated to improving our HBICE™ technology and making our HCAb Platform a promising platform for us to sustainably generate innovative bispecific and multi-specific discovery projects. Combining our single cell beacon system with our platform technologies, our drug discovery and pre-clinical research team can significantly improve and streamline the antibody discovery process. The developability of our HBICE™ technology and our HCAb Platform is best demonstrated by our creation of HBM4003 as a proof of concept story in IND enabling studies, and its short journey to the Phase 1 clinical trial in less than three years from the target identification. In addition, we have generated multiple HCAb-based immune cell engager bispecific antibodies that are tailor-made to function as differentiated fortified antibodies, spearheaded by the leading program HBM7020, which is currently at the CMC and pre-clinical development stage. HBM7020 links BCMA with an engineered CD3 for the treatment of multiple myeloma, and has been validated in a series of robust in vitro and in vivo studies for biology proof-of-concept, providing a solid basis for clinical validation in cancer patients.

Second, we collaborate with top academic institutions, such that we can access cutting-edge biology and novel targets and co-own novel innovative targets derived from the leading science in the field, enhancing our target identification and validation capabilities.

Third, by co-discovering with leading biotechnology and pharmaceutical companies, we leverage their R&D capabilities to further extend our discovery portfolio of differentiated biologics. To date, we have established a strong track record of success for our Harbour antibody platforms, which have been highly validated by over 45 industry and academic partners, with six projects having entered clinical stage as of 30 June 2020.

See also "– Our Harbour Antibody Platforms" for information on our antibody platforms.

With respect to new drug development, our internal R&D team takes a leading role in the design and management of the research projects and outsources daily execution tasks to leading CROs in China. Our discovery, pre-clinical research, clinical development, CMC and business development groups interact closely with each other to advance our R&D projects in an efficient and seamless manner. For example, our clinical development and CMC groups participate early in our R&D process, which helps us select attractive projects with market potential and reduce the risk of unanticipated obstacles in the clinical development and manufacturing stage.

As of 30 June 2020, our discovery and pre-clinical research team consists of 100 employees from departments including antibody technology, discovery, technology platform, and early development, with 30 members holding doctorate degrees and 52 members holding master's degrees. Our multidisciplinary team has expertise in pharmacology, toxicology, drug metabolism and pharmacokinetics (DMPK), cancer biology and translational medicine and biomarker discovery. We will continue to develop our pre-clinical research capabilities and optimize the technology platforms to support pipeline enrichment. We will rationalize and provide scientific data support to clinical combination of our pipeline drug candidates with our immune checkpoint inhibitors.

We have set up an approximately 2500-square-meter research laboratory in Shanghai and approximately 3200-square-meter research laboratory in Suzhou, China. Leveraging these laboratories, we have research capabilities and engage in research activities such as mouse immunization, antibody generation, screening, single B cell cloning, antibody engineering, phage display, molecular and cellular biology, in vitro and in vivo pharmacology, immunohistochemistry, xenograft and syngeneic mouse tumor models.

Furthermore, we have established the Research Portfolio Review Board (RPRB), which leads the strategy development and drives the operation of all discovery and pre-clinical programs, including oncology, immunology and technology projects. The RPRB collaborates with the management team to enhance our company's research practices and assist the management in evaluating scientific aspects of potential in-licensing opportunities, collaborations and new technologies that may bolster our pipeline and research and development capabilities. The RPRB is composed of selected functional heads and members of the leadership, including Jingsong Wang, Mai-Jing Liao, Atul Mukund Deshpande, Lile Liu,

Xiaoxiang Chen, Yiping Rong, Victor Chen, Joe Zhao, Joey Zhou, Yun He, Xin Gan, Xiaodong Wu, and Musheng Bao, with Dr. Yiping Rong serving as the chair. Amy Jiang leads the audit/compliance committee within RPRB and DPRB. The RPRB's responsibilities include:

- reviewing and endorsing new project proposals;
- assessing project need for research support;
- prioritizing discovery projects and allocating funding;
- making recommendations and decisions to the management on the initiation, advancement and termination of a project in the discovery portfolio; and
- making recommendations to the Development Portfolio Review Board (DPRB) regarding the transition of discovery projects to development stages or IND milestones.

Clinical Development

We believe clinical development capabilities are critical to success in our industry. We have built internal clinical development capabilities, which provide a competitive advantage over other biopharmaceutical companies in China. As of 30 June 2020, we had 39 clinical development staff, 85% of whom have clinical development experience in multinational companies. We believe that the global experience and local expertise of our clinical development team enables us to take advantage of significant regulatory reforms in China by integrating China and global clinical development. As of 30 June 2020, we had initiated five clinical trials, including three registrational trials, and we have submitted nine IND applications for four drug candidates and obtained seven INDs for four drug candidates.

Our clinical development function has entered into long-term partnerships with numerous hospitals and principal investigators located in different regions of China that offer us readily available clinical trial facilities and services. We believe the size and geographic diversity of these facilities provide us a significant advantage in implementing large-scale clinical trials and also enable us to conduct multiple clinical trials concurrently.

Each of our clinical development programs is led by a program leader who (i) formulates a clinical development plan, (ii) designs the trial protocol, (iii) oversees the trial execution; and (iv) prepares the BLA filing, all with support from relevant team members. We employ adaptive clinical trial design to achieve efficiency in drug development processes and potentially accelerate approvals for our drug candidates. Our clinical development strategy also emphasizes a front-loaded proof of concept trial strategy and a streamlined, parallel decision-making process with predefined go and no-go criteria. To maximize trial efficiency, we strategically select trial locations to utilize the limited numbers of available trial centers and principal investigators and to optimize trial speed, cost-effectiveness and global compatibility.

We strive to achieve clinical operational excellence by maintaining quality control. We perform core functions such as designing clinical development strategy and protocol in-house and exercising control and oversight over key functions of clinical trial management, including data source validation. We use contract research organizations, or CROs, and consultants that manage, conduct and support our clinical trials and pre-clinical studies in China, Australia and the United States. We selected our CROs weighing various factors, such as their qualifications, academic and professional experience (including global regulatory compliance experience) and industry reputation. The CROs provide us with an array of products and services necessary for complex clinical trials. In addition to the scope, depth and quality of their service and product offerings, we place a high value on our CROs' ability to facilitate optimal site selection, timely patient recruitment and efficient conduct of complex clinical trials. Generally, we enter into a master service agreement with a CRO under which we execute a separate work order for each pre-clinical or clinical research project, or we enter into a research and development contract with a CRO for an individual project. We supervise these third-party service providers to ensure that they perform their duties to us in a manner that complies with our protocols and applicable laws and that protects the integrity of the data resulting from our trials and studies.

Key terms of an agreement we typically enter into with our CROs are summarized as below:

- *Services*. The CRO provides us with services related to a pre-clinical or clinical research project as specified in the agreement or a work order.

- *Term*. The CRO is required to complete the pre-clinical or clinical research project within the prescribed time limit.

- *Payments*. We are required to make payments to the CRO in accordance with the payment schedule agreed to by the parties.

- *Intellectual property rights*. We own all intellectual property rights arising from the pre-clinical or clinical research project.

- *Risk allocation*. Each party should indemnify the other party for losses caused by its fault or gross negligence. If the research fails due to unresolvable technical difficulties or otherwise due to circumstances beyond a party's control, the parties should negotiate how to allocate the losses resulting from such failure.

We believe our strength in recruiting clinical trial participants and our ability to conduct large, high-quality clinical trials enable us to reduce our drug development timelines by generating the requisite data reliably and efficiently. Supported by our CROs and our geographically diverse hospital partners, we are able to recruit specialized populations for otherwise difficult-to-recruit clinical trials. We have the expertise and experience in recruiting for and conducting trials involving a variety of therapeutic areas including oncology, ophthalmology, and autoimmune diseases.

We currently outsource the manufacturing of clinical trial material for our drug candidates to a limited number of industry-leading third-party CMOs. See "Manufacturing" for detailed information on how we manage our CMOs to support our clinical development.

Our clinical development group also manages the regulatory submission process for our drug candidates, which requires filings to be made to and approved by the relevant authorities before clinical trials and commercialization can be initiated. We have a dedicated regulatory team within the clinical development group that prepares and manages regulatory filings by drafting filing dossiers, addressing regulatory questions and conducting GxP readiness assessments for our drug candidates. (GxP is a collection of quality guidelines and regulations created to ensure that biotech/pharmaceutical products are safe, meet their intended use, and adhere to quality processes during manufacturing, control, storage, and distribution.) Our regulatory team currently consists of three members, and the team members have on average more than 10 years of industry experience and are generally familiar with relevant competent authorities, such as the NMPA, and comparable authorities outside of China, such as the Therapeutic Goods Administration of Australia and the U.S. FDA.

Furthermore, we have established the Development Portfolio Review Board (DPRB) to serve as the governance body to review, endorse and oversee all clinical development-stage projects of our company. The DPRB is composed of selected functional heads and members of the leadership, including Dr. Jingsong Wang, Dr. Mai-Jing Liao, Dr. Atul Mukund Deshpande, Dr. Victor Chen, Dr. Yiping Rong, Dr. Xiaoxiang Chen, Dr. Xiaolu Tao, Dr. Karen Twu, Dr. Jinfeng Ji and Ms. Jun Zuo, with Dr. Xiaoxiang Chen serving as the chair. The DPRB's responsibilities include:

- reviewing and endorsing the development strategies, including target product profiles (TPP), clinical development plan (CDP), regulatory pathway, external communication strategy and commercial strategy;

- reviewing and endorsing key development milestones and activities, including regulatory submission, drug metabolism and pharmacokinetics (DMPK), Toxicology, CMC development, clinical trials (e.g., phase 1-3 studies and translational medicine study), and external communications (data disclosure);

- reviewing and endorsing development execution plan, including but not limited to timelines, resources, budget & decision criteria moving to the next milestone;

- overseeing the execution of cross-function action plans and deliverables for major development milestones; and

- steering major portfolio decisions, such as project termination, prioritization and resource prioritization.

Chemistry, Manufacturing, and Control (CMC)

Our CMC team performs several functions such as process development, scale-up, optimization, characterization and validation; control method development and validation; and technology transfer and assessment. Our CMC team provides pre-clinical and clinical support throughout the drug development process.

Our CMC capability includes the following functions:

- *Pre-clinical support*. Seamlessly integrated into our drug discovery and development process, our CMC team supports, supervises and guides our third-party CROs. Our CMC team also evaluates drug ability of potential drug candidates during in-licensing evaluation processes.

- *Clinical support*. During the clinical trial stage, our CMC team manages clinical trial material supply by monitoring and providing guidance to our CMOs, who ensure product quality and best-practice supply chain operations.

Our CMC team will also be in charge of managing the manufacturing process in the future as we build an in-house manufacturing facility.

Our Scientific Advisory Board

Our scientific advisory board is integral to our success and is actively involved in target selection, product profiling and clinical development. The members of our scientific advisory board provide scientific, portfolio and project strategy advice to us, including the evaluation of research and development strategies. We have assembled the following team of key opinion leaders:

Frank Grosveld, Ph.D., has served on our scientific advisory board since December 2016. Dr. Grosveld is the co-founder and CSO of Harbour Antibodies and the inventor of Harbour Mice®, a professor and former Head of the Department of Cell Biology and the Department of Clinical Genetics at the Erasmus Medical Center, a fellow of the Royal Society and a member of the Royal Netherlands Academy of Arts and Sciences. Dr. Grosveld's research on the control of globin gene expression has been selected as one of the top ten achievements of Medical Research Council (UK) (MRC) in the 20th century by Higher Education and Research Opportunities in the U.K. Dr. Grosveld was awarded the Louis-Jeantet Prize for Medicine in 1991, the Spinozapremie (Spinoza Prize) in 1995.

Robert Kamen, Ph.D., has served on our scientific advisory board since 2016. Dr. Kamen is a Venture Partner at Third Rock Ventures. In 2005, he co-founded BioAssets Development Corporation and served as its Chairman. He currently serves as an independent non-executive Director of the Company and a director of Jounce Therapeutics (NASDAQ:JNCE). He was previously a director of Neon Therapeutics and Harbour Antibodies. Earlier in his career, he was senior vice president of scientific affairs at the pioneering biotechnology firm named

Genetics Institute, Inc.. Dr. Kamen received his bachelor's degree in biophysics from Amherst College, a Ph.D. in biochemistry and molecular biology from Harvard University Graduate School of Arts and Sciences. During his academic scientific career, he worked at the Imperial Cancer Research Fund.

Kenneth Murphy, M.D., Ph.D., has served on our scientific advisory board since June 2019. Dr. Murphy is the Eugene Opie First Centennial Professor of Pathology & Immunology, Washington University School of Medicine in St. Louis, and a Member of the National Academy of Sciences. Dr. Murphy was awarded the William B. Coley Award for Distinguished Research in Basic Immunology by Cancer Research Institute in 2012 and the AAI-Thermo Fisher Meritorious Career Award by Thermo Fisher Scientific in 2016. Dr. Murphy received his bachelor degree in chemistry from Rice University and a Ph.D. in pharmacology and M.D. from Hopkins University School of Medicine.

Robert Kramer, Ph.D., has served on our scientific advisory board since December 2016. Dr. Kramer serves as CSO of Portage Biotech Inc. Dr. Kramer previously served as Vice President and Head of Discovery for Oncology Therapeutics at Janssen Research & Development, LLC (the Pharmaceutical Division of Johnson and Johnson), where he was responsible for leading Global Discovery, focusing on aberrant signaling cascades in tumor cells, as well as epigenetic reprogramming and tumor immunology using both small molecule and protein-based large molecule approaches. Prior to joining Janssen Research & Development, LLC, Dr. Kramer served as VP Drug Discovery and Research for Bristol-Myers Squibb (BMS), where he provided scientific leadership and strategic oversight for many pre-clinical Oncology and Immunology programs and projects that entered development. Dr. Kramer was previously an Assistant Professor at Harvard Medical School. Dr. Kramer received his Ph.D. in pharmacology from the University of Vermont and completed his post-doctoral fellowship in Oncology at the National Cancer Institute, National Institutes of Health.

Peter Moesta, Ph.D., has served on our scientific advisory board since December 2016. He oversaw the development, production and worldwide launch of important medicines, such as Humira, Yervoy and Opdivo. Dr. Moesta previously served in executive roles at Bristol-Myers Squibb.

Jon Marc Wigginton, M.D., has served on our scientific advisory board since May 2020. Dr. Wigginton currently serves as Chief Medical Officer, Cullinan Oncology, and Advisor, MPM Capital. He previously served as Chief Medical Officer and Senior Vice President of Clinical Development at MacroGenics, Inc., a Maryland biotechnology company focused on immunotherapeutic approaches for cancer and autoimmune disease. Prior to MacroGenics, Dr. Wigginton served as Therapeutic Area Head of Immuno-Oncology, Early Clinical Research at Bristol-Myers Squibb (BMS), where he led the early clinical development of the BMS Immuno-Oncology portfolio including anti-PD-1, anti-PD-L1 and various immunotherapy combinations including anti-CTLA-4/anti-PD-1 among others. During his academic career, Dr. Wigginton held several positions at the National Cancer Institute, Center for Cancer Research

(NCI-CCR), including Head of Investigational Biologics Section, Pediatric Oncology Branch, where he led an integrated basic, translational and early clinical research effort focused on combination immunotherapy. Dr. Wigginton also previously served as President of the Society for Immunotherapy of Cancer.

Zhigang Tian, M.D., Ph.D., has served on our scientific advisory board since August 2020. Dr. Tian is an academician of the Chinese Academy of Engineering, elected in 2017 for his contribution to NK cell research and NK cell-based immunotherapy. Currently, Dr. Tian is a professor of the University of Science and Technology of China (USTC) in Hefei, where he also works as a director of Institute of Immunology, a director of the Key Lab of Innate Immunity and Chronic Diseases of Chinese Academy of Science, and the president of Medical Center, and worked as the former deputy dean and dean of School of Life Sciences of USTC from 2005 to 2015. Before working for USTC, Dr. Tian also served as a co-founder, deputy director and director of Shandong Tumor Biotherapy Center between 1989 and 2001, and a director of the Institute of Basic Medicine of Shandong Academy of Medical Sciences between 1996 and 2001. Dr. Tian is a former president of Chinese Society of Immunology (CSI, 2014 to 2019) before eight years' vice president of CSI, and a current council members of International Union of Immunological Societies (IUIS) since 2016 and Federation of Immunological Societies of Asia-Oceania (FIMSA) since 2015. Dr. Tian is a current chairman of Biotherapy Committee of China Anti-Cancer Association (CACA) since 2018, and a former chairman of Committee of Tumor Immunology and Biotherapy of CSI between 2008 and 2018. Dr. Tian is a founder and co-editor-in-chief of Cell Mol Immunol (CSI official journal). As correspondent author, he has published more than 300 papers in peer-reviewed journals including Cell, Nat Immunol, Immunity, Cell Metabl, Sci Transl Med, J Exp Med, J Clin Invest, Nat Commun, PNAS, Gastroenteology, Hepatology, etc. Currently, Dr. Tian's laboratory is credited with seminal discoveries regarding basic knowledge and clinical study of NK cells.

The members of our scientific advisory board receive cash compensation or shared-based compensation for their services.

MANUFACTURING

We currently outsource the manufacturing of clinical trial material for our drug candidates to a limited number of industry-leading third-party CMOs. We may use the same CMOs to manufacture commercial supplies for the product launch and in compliance with regulatory requirements. For the two in-licensed products, batoclimab and tanfanercept, we plan to collaborate with our licensor and partners in the manufacturing process optimization and quality control. This also allows us to better leverage each other's clinical data by using the same manufacturing standard and processes. For our co-discovery and co-development projects, we plan to fully utilize the manufacturing capacity and expertise of our partners for the jointly owned drug candidates. These include the projects we are collaborating on with Kelun, Chiatai Tianqing and Hualan.

We have an internal CMC team with capacity for cell line development for both discovery and CMC purposes. As of 30 June 2020, our CMC team consists of 10 employees. Our CMC team is responsible for managing all projects at CMC stages internally and with external CMOs and partners. We will continue to strengthen our capabilities in these areas. We have adopted procedures to ensure that the production qualifications, facilities and processes of our CMOs comply with the relevant regulatory requirements and our internal guidelines. We select our CMOs by reviewing a number of factors, including their qualifications, relevant expertise, production capacity, geographic proximity, reputation, track record, product quality, reliability in meeting delivery schedules, and terms offered by them. We commission these industry-leading CMOs to develop and manufacture active pharmaceutical ingredients to support our clinical development. To monitor and evaluate service performed by our CMOs, we set a series of pre-defined specifications on in-process control and release tests, and review manufacturing related documents including batch records and quality control test results to ensure specifications are met. None of our CMOs is designated by our in-licensing partners. Currently, the supplies of the ongoing clinical trials or pre-clinical studies for our self-developed products are from our CMOs. We believe we had no difficulty engaging CMOs during the Track Record Period, and alternative CMOs that are able to provide similar quality of supplies at similar terms are readily available in the market.

We currently do not procure raw materials. We currently do not have any planned capacity or production related technology. We believe developing our internal manufacturing capacity is important to enable further process improvements, maintain quality control, limit our reliance on contract manufacturers and protect our trade secrets and other intellectual property. We currently adopt a two-step approach to build out our own manufacturing capabilities in the future in China.

- In the near term, we plan to utilize the CMC capabilities of our third-party CMOs and co-discovery business partners to build expertise in manufacturing process and accumulate related know-how.

- In the mid-to-long term, we intend to build our own biologics manufacturing facility in China to produce drug substance and drug products for clinical use and future commercial use. We expect to fully leverage our HCAb-based technological advantages and build our scalable and efficient manufacturing core competence in the future.

We have taken into account the following cost/benefit factors when determining our manufacturing strategy described above: (i) economic and financial cost/benefit assessment of the investment requirement for building and operating a facility with internal expertise; (ii) demand for the number of internal projects and market demand for our products; (iii) alternative choices from CMOs in terms of quality, pricing and supply chain security; (iv) estimated commercialization timing of our late-stage drug candidates on top of anticipated market demand; (v) the time, cost and qualification needed for applying for the GMP; and (vi) availability of favorable tax and investment incentives from local governments and industry parks.

Manufacturing is subject to extensive regulations that impose various procedural and documentation requirements governing recordkeeping, manufacturing processes and controls, personnel, quality control, and quality assurance, among others. Upon the BLA approval and product launch preparation of our late stage drug candidates, we may design our future manufacturing to operate under GMP requirements in China and globally. We plan to hold, and our future manufacturing facilities are planned to operate under, a pharmaceutical manufacturing license issued by the NMPA.

COMMERCIALIZATION

We are in the process of executing our launch readiness plan and formulating our sales and marketing plan in anticipation of potential multiple product and indication launches within the next three years.

Our current launch readiness efforts are carried out by a cross-functional team, consisting of clinical, regulatory, CMC, strategic marketing, medical affairs and market access/government affairs, as well as legal, compliance and public relations. The focus will be on product readiness, market readiness and organizational readiness. We intend to deliver the combination of the following: a successful medical package, a competitive marketing campaign, a compelling payor dossier for both self-pay and reimbursement, a well-trained, fully integrated cross-functional launch team, and a market warmed up and ready for our life-changing medicine.

We intend to build our commercialization capabilities through a combination of internal sales and marketing team and external marketing and distribution partnerships, with the goal of achieving broader patient access through hospitals across China using an efficient and specialized team. For batoclimab, we plan to build our internal team for commercialization, with an initial size of a 100 to 150 person sales and marketing team to cover the key hospitals and medical centers with concentrated medical expertise and patient coverage in the indicated disease areas. We expect to further expand the team as additional indications being approved and build a business unit for batoclimab as part of our portfolio-in-a-product strategy. For tanfanercept, we are exploring collaboration with a pharmaceutical company in China with strong presence in ophthalmology to gain quick access to market for future product launch. Our long term strategy is to maximize the value of our drug candidates by building an in-house sales and marketing team in China focusing on our strategic therapeutic area of oncology and immunology, with combination of entering into collaboration agreements for certain territories outside China, and in non-core therapeutic areas. We will revisit the sales and marketing headcount when our late stage drug candidates are nearing the regulatory approval and commercialization. See "– Our Strategies" for more information on the commercialization plan for our most advanced drug candidates.

We have taken into account the following cost/benefit factors when determining our commercialization strategy described above: (i) costs and benefits of building a full in-house sales force or forging strategic partnerships with leading industry players to optimal balance between sales force specialization and productivity across immunology and immuno-oncology

areas; (ii) whether the commercialization strategy for a particular product will help maximize its commercial value and accelerate patient access to such product in China or other markets, in particular those products (such as tanfanercept) which would benefit from broad geographic distribution; and (iii) the resources and expertise of our local and global partners in China and outside China.

CUSTOMERS

To date, all of our revenues were generated from licensing and collaboration arrangements with partners of our Harbour antibody platforms, including (i) the technology license fees we charged in connection with their using our transgenic mice technologies on our Harbour antibody platforms; (ii) the molecule license fees we charged in connection with out-licensing the molecules generated on our Harbour antibody platforms; and (iii) the platform-based research fees we charged in connection with our providing related services on our Harbour antibody platforms. For the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, our five largest customers in the aggregate accounted for 58.5%, 87.1% and 95.5% of our total revenues, respectively, and revenue from our largest customer alone accounted for 17.5%, 50.5% and 88.3% of our total revenue, respectively.

The following table sets forth certain information of our five largest customers for each period during the Track Record Period.

Customers	**Sales amount** *(US$ in thousands)*	**% of total sales** *(%)*	**Services sold**	**Years of business relationship**	**Customer background**
Year ended December 31, 2018					
Customer A	260	17.5	Technology license	6 years	A U.S.-based company developing innovative drugs
Customer B	210	14.2	Technology license	6 years	A U.S.-based company developing therapies in immuno-oncology area
Customer C	161	10.9	Technology license	5 years	An EU-based company developing cancer treatments
Customer D	142	9.6	Technology license	2.5 years	A global biopharmaceutical company developing innovative drugs
Customer E	94	6.3	Technology license	6 years	A U.S.-based company developing cancer treatments
Total	867	58.5			

Customers	Sales amount *(US$ in thousands)*	% of total sales *(%)*	Services sold	Years of business relationship	Customer background
Year ended December 31, 2019					
Customer F	2,737	50.5	Molecule license	1 year	A China-based company developing biologics
Customer G	1,450	26.8	Platform-based research service	2 years	A China-based company developing biologics
Customer D	191	3.5	Technology license	3 years	A global biopharmaceutical company developing innovative drugs
Customer H	182	3.4	Technology license	1 year	A global biopharmaceutical company
Customer C	161	3.0	Technology license	5 years	An EU-based company developing cancer treatments
Total	4,721	87.1			
Six months ended June 30, 2020					
Customer F	5,359	88.3	Molecule license	1 year	A China-based company developing biologics
Customer H	174	2.9	Technology license	1 year	A global biopharmaceutical company
Customer I	101	1.7	Technology license	3 years	A China-based biopharmaceutical company developing innovative drugs
Customer D	83	1.4	Technology license	3 years	A global biopharmaceutical company developing innovative drugs
Customer C	78	1.3	Technology license	5 years	An EU-based company developing cancer treatments
Total	5,795	95.5			

To the best of our knowledge, all of our five largest customers during the Track Record Period are independent third parties. None of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest customers during the Track Record Period.

To date, we have not generated any revenue from product sales and do not expect to generate any revenue from product sales before the commercialization of one or more of our drug candidates.

SUPPLIERS

Our suppliers include our in-licensing partners, CROs, CMOs, reagents, and device and equipment suppliers. For the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, our purchases from our five largest suppliers in the aggregate accounted for 63.9%, 33.2% and 34.0% of our total purchases, respectively, and purchases from our largest supplier alone accounted for 23.1%, 10.0% and 12.9% of our total purchases, respectively.

The following table sets forth certain information of our five largest suppliers for each period during the Track Record Period.

Suppliers	Purchase amount *(US$ in thousands)*	% of total purchases *(%)*	Services sourced	Years of business relationship	Supplier background
Year ended December 31, 2018					
Supplier A	6,000	23.1	In-license of drug candidate	2 years	A China-based pharmaceutical company
Supplier B	6,000	23.1	In-license of drug candidate	2 years	A global pharmaceutical company
Supplier C	1,899	7.3	CMO	2 years	A China-based company principally engaged in biologics development and manufacturing service
Supplier D	1,542	5.9	CDMO	2 years	A U.S.-based company principally engaged in pharmaceutical CDMO service
Supplier E	1,129	4.4	R&D	3.5 years	A Netherlands-based medical center principally engaged in research and development and clinical service
Total	16,570	63.9			

Suppliers	Purchase amount *(US$ in thousands)*	% of total purchases *(%)*	Services sourced	Years of business relationship	Supplier background
Year ended December 31, 2019					
Supplier C	4,521	10.0	CMO	2 years	A China-based company principally engaged in biologics development and manufacturing service
Supplier F	3,014	6.7	In-license of drug candidate	3 years	An Asia-based company principally engaged in research and development of medicine
Supplier G	2,861	6.3	CRO	3 years	A China-based company principally engaged in life science CRO service
Supplier H	2,583	5.7	CRO	2 years	A U.S.-based company principally engaged in clinical service
Supplier A	2,000	4.4	In-license of drug candidate	2 years	A China-based pharmaceutical company
Total	14,979	33.2			
Six months ended June 30, 2020					
Supplier F	1,000	12.9	In-license of drug candidate	3 years	An Asia-based company principally engaged in research and development of medicine
Supplier E	616	7.9	R&D	3.5 years	A Netherlands-based medical center principally engaged in research and development and clinical service
Supplier I	543	7.0	CRO	1 year	A U.S.-based company principally engaged in pharmaceutical CRO service
Supplier J	272	3.5	Clinical service	1 year	An Australia-based company principally engaged in laboratory service
Supplier K	204	2.6	CRO	3 years	A China-based company principally engaged in CRO service
Total	2,635	34.0			

To the best of our knowledge, all of our five largest suppliers during the Track Record Period are independent third parties. None of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest suppliers during the Track Record Period.

In addition, we believe that adequate alternative sources for such supplies exist and we have developed alternative sourcing strategies for these supplies. We will establish necessary relationships with alternative sources based on supply continuity risk assessment. Other than the agreements with certain CROs, we order supplies and services on a purchase order basis and do not enter into long-term dedicated capacity or minimum supply arrangements.

COMPETITION

We face competition in several different forms. Our human antibody generation activities on our Harbour antibody platforms currently face competition from several companies and from other technologies. In addition, the products being developed by us or by our partners also face actual or potential competition.

The development of biotechnology and pharmaceutical products is a highly competitive business subject to rapid technological change. We know of many pharmaceutical and biotechnology companies conducting research or development of therapeutic antibody products. Many of these companies have commenced clinical trials with, and several have successfully commercialized, antibody products. Some of these companies are also pursuing product development efforts for the same disease areas or against the same biological targets as we or our partners are pursuing.

We face competition from many companies that provide the services of generating antibodies for antibody-based therapeutics, such as Regeneron (VelocImmune® platform). Numerous other companies are developing therapeutic products comprising human antibody components. Furthermore, several companies are developing, or have developed, technologies not involving animal immunization that result in libraries composed of numerous human antibody sequences. Numerous additional companies are developing therapeutic products comprising human antibody components.

As we focus on our activities in using our Harbour antibody platforms to develop our own antibodies for immunology and immuno-oncology diseases, the list of our competitors may extend to an even larger number of pharmaceutical and biotechnology companies. Many of these companies and institutions, either alone or together with their partners, have substantially greater financial resources and larger research and development divisions than we have. In addition, many of these competitors, either alone or together with their partners, have substantially greater experience than us in developing pharmaceutical products, undertaking preclinical testing and human clinical trials, obtaining the NMPA, the U.S. FDA and other

regulatory approvals of such products and the manufacturing and commercialization of such products. Accordingly, our competitors may succeed in obtaining patent protection, receiving the NMPA, the U.S. FDA or other equivalent marketing approval and commercializing products more rapidly than us.

We also face competition from companies developing or testing product candidates for the same or similar targets we are pursuing with our own pipeline of fully human antibody therapeutics. See "Industry Overview" for the competitive landscape of each of our Core Products, batoclimab and tanfanercept. In addition, there may be further competitors working on the targets of our critical programs of whom we are currently unaware.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize drugs that are safer and have fewer side effects, are more convenient, or are less expensive than any drugs that we or our collaborators may develop. Our competitors also may obtain U.S. FDA, NMPA or other regulatory approval for their drugs earlier than we obtain approval for ours, which could result in our competitors establishing a strong market position before we or our collaborators are able to enter the market. The key competitive factors affecting the success of all of our drug candidates, if approved, are likely to be their efficacy, safety, convenience and price, the effectiveness of companion diagnostics in guiding the use of related therapeutics, the level of generic competition, and the availability of reimbursement from government and other third-party payors.

INSURANCE

We maintain insurance policies that we consider to be in line with market practice and adequate for our business. Our insurance policies cover adverse events in our clinical trials, including tanfanercept and batoclimab. We do not maintain property loss insurance, product liability insurance or key-person insurance. See also "Risk factors – Risks Related to Our Industry, Business and Operations – We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources."

EMPLOYEES

The following table sets forth a breakdown of our employees by function as of 30 June 2020:

Function	Number	% of Total
Research and Development	143	71.5%
General and Administrative	57	28.5%
Total	200	100.0

As of 30 June 2020, 190 of our employees were located in the PRC, nine were located in the United States, and one was located in the Netherlands.

Employment Agreements with Key Management and Research Staff

We enter into standard confidentiality and employment agreements with our key management and research staff. The contracts with our key personnel typically include a standard non-compete agreement that prohibits the employee from competing with us, directly or indirectly, during his or her employment and for one year after the termination of his or her employment. The contracts also typically include undertakings regarding assignment of inventions and discoveries made during the course of his or her employment. For further details regarding the terms of confidentiality and employment agreements with our key management, please refer to the section headed "Directors and Senior Management" in this document.

None of our company or any of our subsidiaries have any labor union. We believe that we maintain a good working relationship with our employees and we have not experienced any significant labor disputes or any significant difficulty in recruiting staff for our operations.

Recruitment, Training and Development

We recruit our employees based on their qualification and potential. We provide new employee training to our employees and periodic on-the-job training to enhance the skills and knowledge of our employees.

Employee Benefits

The remuneration package of our employees includes salary, benefits and bonus. Our compensation programs are designed to remunerate our employees based on their performance, measured against specified objective criteria. As required by laws and regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments, including housing, pension, medical insurance and unemployment insurance. We are required under Chinese law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time.

In addition, we have granted and plan to continue to grant share-based incentive awards to our employees in the future to incentivize their contribution to our growth and development.

LAND AND PROPERTIES

We rent (i) 3,471 square meters of office space and laboratories in Suzhou supporting our technology platforms and other research and development functions; (ii) 4,220 square meters of office space and laboratories in Shanghai for research and development and administrative functions; (iii) 309.24 square meters of office space in Beijing; (iv) 37.78 square meters of office space in Guangzhou; (v) 130 square meters of office space and laboratories in Boston, the United States; and (vi) 12 square meters of office space in Rotterdam, the Netherlands. The terms of these leases range from one year to three years. We lease all of our facilities and believe our current facilities are sufficient to meet our needs.

INTELLECTUAL PROPERTY

Intellectual property rights are important to the success of our business. Our future commercial success depends, in part, on our ability to obtain and maintain patent and other intellectual property and proprietary protections for commercially important technologies, inventions and know-how related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating or otherwise violating the valid, enforceable intellectual property rights of third parties.

As of 30 June 2020, our owned patent portfolio consist of one issued PRC patent and 39 patent applications, including two PCT patent applications, one U.S. patent application, three European/UK patent applications, one Japan patent application, one South Korea patent application, 18 PRC patent applications and 13 patent applications in other jurisdictions. Our owned patents and patent applications primarily relate to HBM4003 and other internally developed drug candidates leveraging our Harbour antibody platforms.

As of 30 June 2020, we exclusively in-licensed the worldwide rights for our H2L2 Platform and HCAb Platform relating to (i) 63 issued patents, including 11 issued in the United States, six issued in Greater China (including Hong Kong, Macau and Taiwan), six issued in the European Union, five issued in Japan, six issued in Australia, four issued in Canada, six issued in South Korea and 19 issued in other jurisdictions and (ii) 12 patent applications in the United States, Greater China, the European Union and India. We expect that any patents that may issue under these applications will expire between 2022 and 2034, before taking into account any extension that may be obtained through patent term extension or adjustment, or term reduction due to filing of terminal disclaimers. Key patents related to our antibody platforms fall into four categories as set forth below:

- Patents covering the manufacturing of a diverse repertoire of functional heavy chain-only antibodies, such as CN201210057684.X, US8921522, US9346877 and EP2311874B1. These patents are expected to expire between 2025 and 2026.

- Patents covering methods of generating VH heavy chain-only antibodies in a transgenic non-human mammal, such as CN101410412B, US10638735 and JP5184374B2. These patents are expected to expire in 2027.

- Patents covering methods of producing a high affinity, antigen-specific, soluble heavy chain-only antibody comprising a soluble VH and which binds specifically to an antigen, such as US8883150, US9365655 and CN201080023562.8. These patents are expected to expire in 2030.

- Patents covering protection of a transgenic non-human mammal and methods of producing an antigen-specific monoclonal antibody, such as US9980470 and EP2967012. These patents are expected to expire in 2034.

In addition, we are in the process of applying for patents for our HBICE™ Platform. As of the Latest Practicable Date, we had filed patent priority applications in Mainland China for our HBICE™ Platform.

We believe that the expiration of these key patents will not have a material negative impact on our business and our current pipeline of drug candidates. First, we have various effective means to protect and foster the competitive advantages of our H2L2 Platform, including through the mice manufacturing trade secrets, methods of use and formulations, and the proprietary data and knowhow we have accumulated in years of continually refining our antibody platforms. Second, when a certain patent expires, our core platform technologies, including transgenic mice manufacturing process and immunization, will still be protected by the other patents issued. Third, exclusivity or patentability of our antibody platforms is not a condition to be fulfilled in any of the platform technology licensing or collaboration agreements between us and our partners. Fourth, these key patents do not relate to the patent protection of our anchor assets, including the Core Products and HBM4003, which are covered under separate composition of matter patents.

We are not aware of any action, claim, lawsuit or proceeding pending or threatened against us or the licensors of our H2L2 Platform or HCAb Platform involving intellectual property infringement claims against our H2L2 Platform or HCAb Platform. To our best knowledge, there are not any unsettled disputes on the patents relating to our antibody platforms, other than three complaints filed by a few third parties at the European patent office and one complaint filed in a court in South Korea challenging the scope or validation of certain patents relating to our HCAb Platform. Set forth below is a summary of these proceedings in Europe and South Korea:

Patent Office Invalidation Proceeding	Subject Patent	Location of Proceeding	Patent Expiration Date	Claim	Status as of the Latest Practicable Date
1	EP1776383	Europe	2025	Patent invalidation	• Complaint dismissed and appeal filed by complainants • Appeal hearing currently expected to take place in late 2020
2	EP1864998	Europe	2025	Overbroad patent scope	• Narrower patent scope issued and appealed by licensors of HCAb Platform • Appeal hearing currently expected to take place in 2022

Patent Office Invalidation Proceeding	Subject Patent	Location of Proceeding	Patent Expiration Date	Claim	Status as of the Latest Practicable Date
3	EP2411408	Europe	2030	Patent invalidation	• Patent validation sustained with a narrower auxiliary claim and appealed by complainants • Appeal hearing currently expected to take place between 2023 and 2024

Lawsuit	Subject Patent	Location of Lawsuit	Patent Expiration Date	Claim	Status as of the Latest Practicable Date
1	KR10-1457753	South Korea	2025	Patent invalidation	• Complaint dismissed by Korean Intellectual Property Tribunal but overturned by Korean Patent Court, which has been appealed • Appeal hearing currently expected to take place in late 2020

We and the licensors of our HCAb Platform believe that we have meritorious defenses against these actions, and we and the licensors will continue to vigorously defend them. We believe any unfavorable outcome of these lawsuits will not have a material negative impact on our business and our current pipeline of drug candidates. First, the competitive advantages and underlying technologies of our HCAb Platform is effectively protected as described above, including through the mice manufacturing trade secrets, methods of use and formulations, and the proprietary data and knowhow we have accumulated in years of continually refining our HCAb Platform. Second, our core transgenic HCAb mice technologies, including mice manufacturing process and immunization, are protected by the other patents issued in South Korea and by a pending application in Europe, and therefore any unfavorable outcome of these lawsuits will not significantly impact the overall exclusivity of our HCAb Platform in Europe or South Korea. Third, exclusivity or patentability of our antibody platforms is not a condition to be fulfilled in any of the platform technology licensing or collaboration agreements between us and our partners. Fourth, these key patents do not relate to the patent protection of our anchor assets, including the Core Products and HBM4003, which are covered under separate composition of matter patents.

As of 30 June 2020, we exclusively in-licensed the Greater China rights for our in-licensed drug candidates relating to (i) four issued patents, including two issued in the PRC, and two issued in Hong Kong/Macau/Taiwan; and (ii) five patent applications, including two PRC patent applications, and three Hong Kong patent applications. In addition, we exclusively in-licensed the worldwide rights (excluding Greater China) for our in-licensed drug candidates relating to (i) seven issued patents, including one issued in the United States, one issued in the European Union, one issued in Japan, one issued in Australia, one issued in South Korea, one issued in Canada and one issued in Russia; and (ii) two patent applications, including one Brazil patent application and one Mexico patent application. These in-licensed patents and patent applications primarily relate to tanfanercept (HBM9036), batoclimab (HBM9161) and HBM9302.

The patent portfolios for our Core Products and HBM4003 as of 30 June 2020 are summarized below:

Tanfanercept (HBM9036). As of 30 June 2020, we exclusively licensed from HanAll one issued PRC patent relating to tanfanercept. The licensed patent is a composition of matter patent in the PRC. This composition of matter patent is expected to expire in December 2031.

Batoclimab (HBM9161). As of 30 June 2020 we exclusively licensed from HanAll (i) three issued patents (including one issued in the PRC and two issued in Hong Kong/Macau/Taiwan) and (ii) one patent application in Hong Kong relating to batoclimab. The licensed patents are composition of matter patents in the PRC, Hong Kong, Macau and Taiwan. These composition of matter patents (including patent application if issued) are expected to expire in April 2035.

HBM4003. As of 30 June 2020 we owned 18 national phase patent applications that relate to HBM4003 in the United States, the PRC, the European Union, Japan, South Korea, Singapore, Canada, Australia, Mexico, Russia, Vietnam, India, Indonesia, South Africa, Brazil, New Zealand, Israel and the Philippines. We expect that any patents that may issue under these applications will expire in 2038, before taking into account any extension that may be obtained through patent term extension or adjustment, or term reduction due to filing of terminal disclaimers.

The term of individual patents may vary based on the countries in which they are obtained. In most countries in which we file patent applications, including China and the United States, the term of an issued patent is generally 20 years from the filing date of the earliest non-provisional patent application on which the patent is based in the applicable country. In the United States, a patent's term may be lengthened in some cases by a patent term adjustment, which extends the term of a patent to account for administrative delays by the United States Patent and Trademark Office, or USPTO, in excess of a patent applicant's own delays during the prosecution process, or may be shortened if a patent is terminally disclaimed over a commonly owned patent having an earlier expiration date.

In addition, with respect to any issued patents in the United States and Europe, we may be entitled to obtain an extension of the patent's term provided we meet the applicable requirements for obtaining such patent term extensions. For example, in the United States, we may apply for a patent term extension of up to five years as compensation for the patent term lost during clinical trials and the U.S. FDA regulatory review process under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Amendments. The exact duration of the extension depends on the time we spend in clinical studies, as well as getting a BLA approval from the U.S. FDA. However, a patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only one patent may be extended, and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. In certain other foreign jurisdictions, similar extensions as compensation for regulatory delays are also available.

The actual protection afforded by a patent varies on a claim-by-claim and country-by-country basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of any patent term extensions or adjustments, the availability of legal remedies in a particular country and the validity and enforceability of the patent. We cannot provide any assurance that patents will issue with respect to any of our owned or licensed pending patent applications or any such patent applications that may be filed in the future, nor can we provide any assurance that any of our owned or licensed issued patents or any such patents that may be issued in the future will be commercially useful in protecting our product candidates and methods of manufacturing the same.

We performed due diligence on their intellectual property rights before entering into a license agreement with them, but we cannot guarantee that their rights will not be challenged or that they will provide meaningful exclusivity or otherwise enable us to exploit the licensed drug candidates will survive a challenge to their intellectual property rights. See "Risk factors – Risks Related to Our Intellectual Property Rights-Our owned and in-licensed patents and other intellectual property may be subject to further priority disputes or to inventorship disputes and similar proceedings. If we or our licensors are unsuccessful in any of these proceedings, we may be required to obtain licenses from third parties, which may not be available on commercially reasonable terms or at all, or to modify or cease the development, manufacture and commercialization of one or more of the drug candidates we may develop, which could have a material adverse impact on our business." We currently do not have any material patents or pending patent applications that we own. For additional information about our licenses, please refer to "– Licensing and Collaboration Agreements."

We may rely, in some circumstances, on trade secret and/or confidential information to protect aspects of our technology. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with consultants, scientific advisers and contractors, and invention assignment agreements with our employees. We have entered into confidentiality agreements and non-competition agreements with our senior management and certain key members of our R&D team and other employees who have access to trade secrets

or confidential information about our business. Our standard employment contract, which we used to employ each of our employees, contains an assignment clause, under which we own all the rights to all inventions, technology, know-how and trade secrets derived during the course of such employee's work.

These agreements may not provide sufficient protection of our trade secret and/or confidential information. These agreements may also be breached, resulting in the misappropriation of our trade secret and/or confidential information, and we may not have an adequate remedy for any such breach. In addition, our trade secret and/or confidential information may become known or be independently developed by a third party, or misused by any collaborator to whom we disclose such information. Despite any measures taken to protect our intellectual property, unauthorized parties may attempt to or successfully copy aspects of our products or to obtain or use information that we regard as proprietary without our consent. As a result, we may be unable to sufficiently protect our trade secrets and proprietary information.

We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems. Despite any measures taken to protect our data and intellectual property, unauthorized parties may attempt to or successfully gain access to and use information that we regard as proprietary. See "Risk factors – Risk Related to Our Intellectual Property Rights" for a description of risks related to our intellectual property.

We conduct our business under the brand name of "Harbour BioMed" ("和鉑"). As of 30 June 2020, we had registered one trademark in the PRC, two trademarks in the United States and five trademarks in Hong Kong. We are also the registered owner of five domain names and have irrevocable licenses for these domain names.

We enter into collaboration agreements and other relationships with pharmaceutical companies and other industry participants to leverage our intellectual property and gain access to the intellectual property of others.

As of the Latest Practicable Date, we were not involved in any proceedings in respect of, and we had not received notice of any claims of infringement of, any intellectual property rights that may be threatened or pending, in which we may be a claimant or a respondent.

In December 2019, the PRC Supreme Court ruled in favor of the licensors of our HCAb Platform (and therefore indirectly in favor of us) by reaffirming the lower court's ruling to reverse the decision by the China National Intellectual Property Administration ("CNIPA") to reject the innovation patent applications for our HCAb Platform. As of the Latest Practicable Date, the CNIPA has sought a retrial of this case and we were awaiting the court's notice. In addition, as of the Latest Practicable Date, the licensors of our H2L2 Platform have appealed to the PRC Supreme Court the ruling of the lower court supporting the CNIPA's decision to reject the innovation patent applications for H2L2 Platform, and the trial was expected to begin on December 9, 2020. Moreover, the licensors of our HCAb Platform have been faced with

opposition and invalidation proceedings brought by third parties in Europe and Korea with respect to certain patents relating to the technology of our platforms exclusively licensed to us. For risks relating to these legal proceedings, please see "Risk factors – Risks Related to Our Intellectual Property Rights – If we are unable to obtain and maintain patent and other intellectual property protection for our drug candidates or technology platforms, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us, and our ability to successfully commercialize any product or technology may be adversely affected."

Patents and other proprietary rights are very important to our business. As part of our business strategy and to protect our significant efforts in maintaining and developing our antibody platforms, we actively seek patent protection both in China and internationally and file additional patent applications, when appropriate, to cover the compounds, products and technology relating to our antibody platforms. Among the multiple patent applications we filed on behalf of the licensors of our H2L2 Platform and HCAb Platform in China, two were rejected by the CNIPA in 2017, on the ground that the claimed subject matters in these two patent applications are obvious in view of the prior arts.

For the patent application relating to the HCAb Platform, as of the Latest Practicable Date, the PRC Supreme Court was reviewing the CNIPA's request to seek a retrial of its December 2019 ruling in favor of the licensors and we and the CNIPA were awaiting the court's notice, in which the court may deny the retrial request or, in rare cases, permit a retrial. Our PRC Legal Adviser is of the view that, the outcome of this litigation is inherently uncertain, but based on the prior favorable rulings that the licensors of the HCAb Platform received from the PRC Supreme Court and the lower court, it is optimistic that a positive outcome may be rendered to the licensors of the HCAb Platform (and therefore indirectly to us). In addition, our PRC Legal Adviser is of the view that any unfavorable outcome of this retrial will not have a material negative impact on our business and the HCAb Platform-related collaborations with our PRC partners. First, our core transgenic HCAb mice technologies, including mice manufacturing process and immunization, are protected and fostered jointly by the other four patents issued in the PRC, the mice manufacturing trade secrets, methods of use and formulations, the proprietary data and knowhow we have accumulated in years of continuously refining our HCAb Platform. Therefore, any unfavorable outcome of this retrial will not subject us to competition from similar technologies infringing our HCAb Platform in the PRC. Second, patentability of our HCAb Platform is not a condition to be fulfilled in any of the platform technology licensing or collaboration agreements between us and our partners. Third, this patent application at issue does not relate to the patent protection of our anchor assets, including the Core Products and HBM4003, which are covered under separate composition of matter patents.

For the patent application relating to our H2L2 Platform, as of the Latest Practicable Date, the trial at the PRC Supreme Court was expected to begin on December 9, 2020. Our PRC Legal Adviser is of the view that, the outcome of this litigation is inherently uncertain, but any unfavorable outcome of this trial will not have a material negative impact on our business and

the H2L2 Platform-related collaborations with our PRC partners. First, despite the pending patent application, we have various effective means to protect and foster the competitive advantages of our H2L2 Platform, including through the mice manufacturing trade secrets, methods of use and formulations, and the proprietary data and knowhow we have accumulated in years of continuously refining our H2L2 Platform. Second, development of a transgenic mice platform is a very complex process and requires integration of knowledge and industry experience from multiple disciplines and special skill sets far beyond the subject technology referenced in this patent application. Our H2L2 Platform has achieved market acceptance as being validated by over 45 industry and academic partners. Accordingly, there are significant entry barriers a third party competitor must overcome to commercialize the subject technology referenced in this patent application and directly compete against us. Third, patentability of our H2L2 Platform is not a condition to be fulfilled in any of the platform technology licensing or collaboration agreements between us and our partners. Fourth, this patent application at issue does not relate to the patent protection of our anchor assets, including the Core Products and HBM4003, which are covered under separate composition of matter patents.

See "Statutory and general information – B. Further Information about our business – 2. Intellectual property rights" in Appendix IV for further information.

ENVIRONMENTAL MATTERS AND WORKPLACE SAFETY

We strive to operate our facilities in a manner that protects the environment and the health and safety of our employees, patients and communities. We have implemented company-wide environmental, health and safety (EHS) standard operating procedures and conducted related training for our employees; environmental evaluation were conducted and environmental protection measures relating to emissions of air and wastewater generation and treatment, as well as handling, use, storage, treatment and disposal of hazardous substances are trained and taken. Process of emergency reporting and response is established.

Our EHS function is responsible for issuance of EHS guidelines, monitoring and enforcing the compliance of our operations with environment, health and safety laws and regulations. This responsibility is executed through formulation and implementation of strategies, policies, standards and metrics; communication of EHS policies and procedures; conducting EHS audits and incident response planning and implementation with a team of members of EHS committee. Occupational health check are organized.

Certain specialized areas of responsibility are assigned to teams with relevant expertise and experience. For instance, our biosafety subject matter experts are responsible for biosafety training, compliance of our operations with biosafety-related legal requirements, biosafety risk assessment and review of corrective actions and preventative actions (CAPA) that we will take upon the occurrence of any biosafety emergency.

We have not had any significant workplace accidents in the history of our company.

We currently do not have our own manufacturing facilities. In the event that we consider engaging in manufacturing activities in the future, we will implement company-wide environmental, health and safety (EHS) policies and operating procedures that include management systems and procedures relating to emissions of air, water and other media, handling, use, storage, treatment and disposal of hazardous substances, third party safety management, product stewardship, waste treatment, process safety management, worker health and safety requirements and emergency planning and response. We may establish an EHS department responsible for monitoring and enforcing the compliance of our operations with environment, health and safety laws and regulations. Certain specialized areas of the responsibility may be assigned to teams comprised of subject-matter experts with the relevant expertise and experience.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we were not a party to any actual or threatened material legal or administrative proceedings. We are committed to maintaining the highest standards of compliance with the laws and regulations applicable to our business. However, we may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business.

PERMITS, LICENSES AND OTHER APPROVALS

During the Track Record Period and up to the Latest Practicable Date, we believe that we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations.

AWARDS AND RECOGNITION

We have received recognition for our research and development achievements. Some of the significant awards and recognitions we have received are set forth below:

Award/Recognition	Award Year	Awarding Institution/Authority
Zhangjiang Science City 13th Five-Year R&D Awards	2019	Shanghai Zhangjiang Science City
Winner of Innovation and Entrepreneurship Competition	2019	Ministry of Science and Technology, Guangdong Provincial Technology Administration
Major scientific and technological support projects-pre-clinical research and development	2019	Shanghai Municipal Science and Technology Commission

Award/Recognition	Award Year	Awarding Institution/Authority
2019 Top 100 Innovative Medical Businesses	2019	VCBeat Research
2019 TOP 20 Most Valuable Innovative Health Businesses	2019	PencilNews
Top APAC Pharmaceutical Innovator	2019	Clarivate Analytics
Star list 2019 – China's Top 50 Innovative Biomedical Businesses	2019	MedClub
Shanghai HNTE Cultivation Fund (上海市高新技術企業入庫培育企業2019年第二批,2020年5月公示)	2020	Shanghai Municipal Committee of Science and Technology
Suzhou Science and Technology Development Plan – Talent Category (蘇州市2020年第十一批科技發展計劃人才專項(姑蘇領軍人才))	2020	Suzhou Science and Technology Bureau
High and New Technology Enterprise (received the approval-in-principle)	2020	Shanghai Municipal Committee of Science and Technology

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We recognize that risk management is critical to the success of our business operation. Key operational risks faced by us include changes in the general market conditions and the regulatory environment of the Chinese and global biologics markets, our ability to develop, manufacture and commercialize our drug candidates, and our ability to compete with other pharmaceutical companies. See "Risk factors" for a discussion of various risks and uncertainties we face. We also face various market risks. In particular, we are exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of our business. See "Financial information – Quantitative and qualitative disclosure about market risk and credit risk" for a discussion of these market risks.

We have adopted a consolidated set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis. Our audit committee, and ultimately our Directors

supervise the implementation of our risk management policies. Risks identified by management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by our company and reported to our Directors.

The following key principles outline our Group's approach to risk management and internal control:

- Our audit committee will oversee and manage the overall risks associated with our business operations, including (i) reviewing and approving our risk management policy to ensure that it is consistent with our corporate objectives; (ii) reviewing and approving our corporate risk tolerance; (iii) monitoring the most significant risks associated with our business operation and our management's handling of such risks; (iv) reviewing our corporate risk in the light of our corporate risk tolerance; and (v) monitoring and ensuring the appropriate application of our risk management framework across our Group.

- Our chief business officer, Dr. Mai-Jing Liao, will be responsible for (i) formulating and updating our risk management policy and target; (ii) reviewing and approving major risk management issues of our company; (iii) promulgating risk management measures; (iv) providing guidance on our risk management approach to the relevant departments in our company; (v) reviewing the relevant departments' reporting on key risks and providing feedbacks; (vi) supervising the implementation of our risk management measures by the relevant departments; (vii) ensuring that the appropriate structure, processes and competences are in place across our company; and (viii) reporting to our audit committee on our material risks.

- The relevant departments in our company, including but not limited to the finance department, the legal department and the human resources department, are responsible for implementing our risk management policy and carrying out our day-to-day risk management practice. In order to formalize risk management across our Group and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives; (iii) prepare a risk management report annually for our chief executive officer's review; (iv) continuously monitor the key risks relating to their operation or function; (v) implement appropriate risk responses where necessary; and (vi) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

We consider that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. We have engaged an independent internal control consultant, or the Internal Control Consultant, to perform certain agreed-upon procedures, or the Internal Control Review, in connection with the internal control of our company and our major operating subsidiaries and to report factual findings on our Group's entity-level controls and internal controls of various processes, including financial reporting and disclosure controls, accounts receivable management, procurement, accounts payable and payment, fixed assets management, human resources and payroll management, cash and treasury management, general controls of IT system, taxation management, contract management, insurance management, research and development and intangible assets management. The Internal Control Consultant performed the Internal Control Review in February 2020 and a follow-up review in July 2020. As of the Latest Practicable Date, there were no material outstanding issues relating to our Group's internal control.

We have been committed to promoting a compliance culture and will adopt policies and procedures on various compliance matters, including the Stock Exchange's requirements on corporate governance and environmental, social and governance matters. Our Board will be collectively responsible for the management and operations, including the establishment of such mechanisms. Our Directors will be involved in the formulation of the mechanisms and the related policies.

During the Track Record Period, we regularly reviewed and enhanced our internal control system. Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have adopted various measures and procedures regarding each aspect of our business operation, such as related party transaction, risk management, protection of intellectual property, environmental protection and occupational health and safety. For more information, see "– Intellectual Property" and "– Environmental Matters and Workplace Safety." We provide periodic training about these measures and procedures to our employees as part of our employee training program. Our internal audit department conducts audit field work to monitor the implementation of our internal control policies, reports the weakness identified to our management and audit committee and follows up on the rectification actions.

- Our Directors (who are responsible for monitoring the corporate governance of our Group) with help from our legal advisers, will also periodically review our compliance status with all relevant laws and regulations after the Listing.

- We have established an audit committee which (i) makes recommendations to our Directors on the appointment and removal of external auditors; and (ii) reviews the financial statements and renders advice in respect of financial reporting as well as oversees internal control procedures of our Group.

- We have engaged Guotai Junan Capital Limited as our compliance adviser to provide advice to our Directors and management team until the end of the first fiscal year after the Listing regarding matters relating to the Listing Rules. Our compliance adviser is expected to ensure our use of funding complies with the sections entitled "Future Plans and Use of Proceeds" in this document after the Listing, as well as to provide support and advice regarding requirements of relevant regulatory authorities in a timely fashion.

- We plan to engage a PRC law firm to advise us on and keep us abreast with PRC laws and regulations after the Listing. We will continue to arrange various trainings to be provided by external legal advisers from time to time when necessary and/or any appropriate accredited institution to update our Directors, senior management, and relevant employees on the latest PRC laws and regulations.

- We maintain strict anti-corruption policies and we believe we will therefore be less affected by the increasingly stringent measures taken by the PRC government to correct corruptive practices in the pharmaceutical industry.

OVERVIEW OF PRC REGULATIONS

This section summarizes the principal PRC laws, rules and regulations that are relevant to our business.

DRUG REGULATORY REGIME

Major Regulatory Authorities

The biologic drug industry in the PRC is mainly administered by three governmental agencies: the National Medical Product Administration (國家藥品監督管理局) (the "**NMPA**"), a department under the State Administration for Market Regulation (國家市場監督管理總局), the National Health Commission (國家衛生健康委員會) (the "**NHC**") and the National Healthcare Security Administration (國家醫療保障局).

The NMPA, which inherits the drug supervision function from its predecessor China Food and Drug Administration, or CFDA, is the primary drug regulator responsible for almost all of the key stages of the life-cycle of pharmaceutical products, including non-clinical researches, clinical trials, marketing approvals, manufacturing, advertising and promotion, distribution and pharmacovigilance.

The NHC, formerly known as the National Health and Family Planning Commission, is China's chief healthcare regulator. It is primarily responsible for drafting national healthcare policy and regulating public health, medical services and health contingency system, coordinating the healthcare reform and overseeing the operation of medical institutions and practicing of medical personnel.

The National Healthcare Security Administration, a new authority established in May 2018, is responsible for drafting and implementing policies, plans and standards on medical insurance, maternity insurance and medical assistance; administering healthcare fund; formulating a uniform medical insurance catalogue and payment standards on drugs, medical disposables and healthcare services; formulating and administering the bidding and tendering policies for drugs and medical disposables.

Reform of the Drug Approval System

In August 2015, the State Council promulgated the Opinions on the Reform of Evaluation and Approval System for Drugs and Medical Devices and Equipment (《關於改革藥品醫療器械審評審批制度的意見》) (the "**Reform Opinions**"), which established a framework for reforming the evaluation and approval system for drugs and medical devices and equipment. The Reform Opinions indicated enhancing the standard of approval for drug registration and accelerating the evaluation and approval process for innovative drugs.

In March 2016, the General Office of the State Council promulgated the Guiding Opinions on Promoting the Sound Development of the Medical Industry (《關於促進醫藥產業健康發展的指導意見》), which aim to accelerate the development of innovative drugs and biological products with major clinical needs, to speed up the promotion of green and intelligent pharmaceutical production technologies, to strengthen scientific and efficient supervision, and to promote the development of industrial internationalization.

In May 2016, the General Office of the State Council promulgated the Pilot Plan for the Drug Marketing Authorization Holder Mechanism (《藥品上市許可持有人制度試點方案》), which provides a detailed pilot plan for the drug marketing authorization holder mechanism (the "**MAH System**"). Under the MAH System, drug research and development institutions or scientific research personnel in the pilot regions may serve as drug applicants for registration and submit applications for drugs clinical trials and marketing.

On 8 October 2017, the General Office of Chinese Communist Party's Central Committee and the General Office of the State Council jointly issued the Opinion on Strengthening the Reform of the Drug and Medical Device Review and Approval Process to Encourage Drug and Medical Device Innovation (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》) (the "**Innovation Opinion**"), which seek to streamline the clinical trial process and shorten the time line. The Innovation Opinion provided for special fast-track approval for new drugs and devices in urgent clinical need, and drugs and devices for rare diseases.

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

In May 2018, the NMPA and PRC National Health Commission jointly promulgated the Circular on Issues Concerning Optimizing Drug Registration Review and Approval (《關於優化藥品註冊審評審批有關事宜的公告》), which further simplified and accelerated the clinical trial approval process.

Regulations in relation to the Registration of New Drugs

Non-Clinical Research and Animal Testing

The non-clinical safety evaluation study for drugs for the purpose of applying for marketing approval shall be conducted in accordance with the Administrative Measures for Good Laboratories Practice (《藥物非臨床研究質量管理規範》), which was promulgated in August 2003 and revised in July 2017 by the CFDA. In April 2007, the CFDA issued the Circular on Measures for Certification of Good Laboratory Practice (《藥物非臨床研究質量管理規範認證管理辦法》), which sets forth the requirements for an institution to apply for a Certification of Good Laboratory Practice to undertake drug non-clinical research.

The State Science and Technology Commission, now known as Ministry of Science and Technology, promulgated the Regulations for the Administration of Affairs Concerning Experimental Animals (《實驗動物管理條例》) in November 1988, which were amended by the State Council in January 2011, July 2013 and March 2017. The State Science and Technology Commission and the State Bureau of Quality and Technical Supervision jointly promulgated the Administration Measures on Good Practice of Experimental Animals (《實驗動物質量管理辦法》) in December 1997. The Ministry of Science and Technology and other regulatory authorities promulgated the Administrative Measures on the Certificate for Experimental Animals (Trial) (《實驗動物許可證管理辦法(試行)》) in December 2001. All of these laws and regulations require a Certificate for Use of Laboratory Animals for performing experimentation on animals.

Clinical Trial Application

According to the Administrative Measures for Drug Registration (《藥品註冊管理辦法》) (the "**Circular 27**"), which was promulgated on 22 January 2020 and took effect on 1 July 2020, the Center for Drug Evaluation under the NMPA (the "**CDE**") is responsible for the application of conducting new drug clinical trials. According to Circular 27, drug clinical trials shall be divided into Phase I clinical trial, Phase II clinical trial, Phase III clinical trial, Phase IV clinical trial, and bioequivalence trial. In accordance with Circular 27 and the Announcement on Adjusting Evaluation and approval Procedures for Clinical Trials for Drugs (《關於調整藥物臨床試驗審評審批程序的公告》) issued in July 2018, if a clinical trial applicant does not receive any negative or questioned opinions from the CDE within 60 days after the date when the trial application is accepted and the fees are paid, the applicant can proceed with the clinical trial in accordance with the trial protocol submitted to the CDE.

After obtaining the clinical trial authorization from the NMPA, the applicant must register the clinical trial at the Drug Clinical Trial Information Platform for public disclosure in accordance with the Announcement on Drug Clinical Trial Information Platform (《關於藥物臨床試驗信息平台的公告》), which came into effect in September 2013. The applicant shall complete the initial registration within one month after obtaining the clinical trial authorization and complete follow-up registrations before the first subject's enrollment in the trial.

Conduction of Clinical Trial and the Communication with CDE

Clinical trials must be conducted in accordance with the Announcement on Good Clinical Practice for Drug Trials (《藥物臨床試驗質量管理規範》), which was promulgated by NMPA and NHC on 23 April 2020 and took effect on 1 July 2020, which also sets forth the requirements for conducting the clinical trial, including preparation of clinical trials, clinical trial protocol, duties of the sponsor and investigators and protection of the trial subjects.

The drug clinical trial institution refers to institutions that have the conditions to conduct clinical trials in accordance with the requirements of the Good Clinical Practice for Drug Trials (GCP) and relevant technical guidelines for clinical trials according to the Regulations for the Administration of Drug Clinical Trial Institutions (《藥物臨床試驗機構管理規定》), which came into effect on 1 December 2019.

According to the Circular on Adjusting Evaluation and Approval Procedures for Clinical Trials for Drugs (《關於調整藥物臨床試驗審評審批程序的公告》), where the application for clinical trial of new investigational drug has been approved, upon the completion of Phases I and II clinical trials and prior to Phase III clinical trial, the applicant shall submit the application for Communication Session to CDE to discuss with CDE the key technical questions including the design of Phase III clinical trial protocol. According to the Administrative Measures for Communication on the Research, Development and Technical Evaluation of Drugs (《藥物研發與技術審評溝通交流管理辦法》) (the "**Communication Measures**"), promulgated by the NMPA on 30 September 2018, during the research and development periods and in the registration applications of, among others, the innovative new drugs, the applicants may propose to conduct communication meetings with the CDE. The communication meetings can be classified into three types. Type I meetings are convened to address key safety issues in clinical trials of drugs and key technical issues in the research and development of breakthrough therapeutic drugs. Type II meetings are held during the key research and development periods of drugs, mainly including meetings before the IND, meetings upon the completion of Phase II trials and before the commencement of Phase III trials, meetings before submitting a marketing application for a new drug, and meetings for risk evaluation and control. Type III meetings refer to meetings not classified as Type I or Type II.

Regulations relating to International Multi-Center Clinical Trials and Acceptance of Overseas Clinical Trial Data

On 30 January 2015, the CFDA promulgated the Notice on Issuing the International Multi-Center Clinical Trial Guidelines (Trial) (《國際多中心藥物臨床試驗指南(試行)》) (the "**IMCT Guidelines**"), effective as of 1 March 2015, to provide guidance for the regulation of application, implementation and administration of international multi-center clinical trials in China. Pursuant to the IMCT Guidelines, international multi-center clinical trial applicants may simultaneously perform clinical trials in different centers using the same clinical trial protocol. Where the applicant plans to make use of the data derived from the international multi-center clinical trials for application to the CFDA for approval of an NDA, such international multi-center clinical trials shall satisfy the requirements set forth in Drug Administration Law (《藥品管理法》) and its implementation regulations and relevant laws and regulations.

On 6 July 2018, the NMPA issued the Technical Guiding Principles for the Acceptance of the Overseas Clinical Trial Data of Drugs (《接受藥品境外臨床試驗數據的技術指導原則》) (the "**Guiding Principles**"), which provides that overseas clinical data can be submitted for all kinds of registration applications in China, including the clinical trial authorization and the NDA. The Guiding Principles clearly list the basic principles and requirements on the acceptance of overseas clinical trial data, and distinguish different levels of acceptance based on the quality of the data itself and different circumstances. The Guiding Principles require that the applicant shall ensure that the overseas clinical trial data are truthful, complete, accurate and traceable, and the generating process of the overseas clinical trial data shall comply with the relevant requirements of the Good Clinical Practice of the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use.

New Drug Application

Pursuant to Circular 27, upon completion of clinical trials, determination of quality standards, completion of validation of commercial-scale production processes, and preparation for acceptance of verification and inspection for drug registration, the applicant may apply to the NMPA for approval of the NDA. The NMPA then determines whether to approve the application according to applicable laws and regulations. The applicant must obtain approval of an NDA before the drugs can be manufactured and sold in the China market. According to Circular 27, for (1) drugs which are used for the treatment of severe life-threatening diseases currently lacking effective treatment and the data of clinical trials can confirm the efficacy and forecast the clinical value of the drugs; (2) drugs which are urgently needed for public health and data of clinical trials can reveal the efficacy and forecast the clinical value of the drugs; (3) vaccines which are urgently needed to deal with major public health emergencies or other vaccines which the NHC deems to be urgently needed, and the benefit is assessed outweigh the risk, such drugs can apply for conditional approval.

Reclassification of Chemical Drugs

In March 2016, the CFDA issued the Reform Plan for Registration Category of Chemical Drugs (《化學藥品註冊分類改革工作方案》) (the "**Drug Reclassification Plan**"), which outlined the reclassifications of drug applications. Under the Drug Reclassification Plan, Category 1 drugs refer to new drugs that have not been marketed anywhere in the world. Improved new drugs that are not marketed anywhere in the world fall into Category 2. Generic drugs, that have equivalent quality and efficacy to the originator's drugs have been marketed abroad but not yet in China, fall into Category 3. Generic drugs, that have equivalent quality and efficacy to the originator's drugs and have been marketed in China, fall into Category 4. Category 5 drugs are drugs which have already been marketed abroad, but are not yet approved in China.

Prioritized Examination and Approval for Registration of Certain Drugs

In November 2015, the CFDA promulgated the Circular Concerning Several Policies on Drug Registration Review and Approval (《關於藥品註冊審評審批若干政策的公告》), which provides that a fast track clinical trial approval or drug registration pathway can be available for the applications for certain drugs, including the registration of innovative new drugs treating HIV, cancer, serious infectious diseases and orphan diseases; and registration of pediatric drugs.

On 7 July 2020, the NMPA promulgated Announcement on Promulgating Three Documents Including the Working Procedures for the Evaluation of Breakthrough Therapy Designation Drugs (for Trial Implementation) (《國家藥監局關於發佈《突破性治療藥物審評工作程序(試行)》等三個文件的公告》), which stipulates that during clinical trial period, innovative drugs or modified new drugs that are used to prevent and treat the disease that is serious life-threatening or severely affecting the quality of life and there is no effective prevention and treatment method, or compared with existing treatment methods that have

sufficient evidence to show that they have obvious clinical advantages, then any applicant can apply for breakthrough therapeutic drug programs during Phase I and II clinical trials, but usually no later than the commencement of Phase III clinical trials.

In addition, on 23 May 2018, the NMPA and NHC jointly promulgated the Circular on Issues Concerning Optimizing Drug Registration Review and Approval (《關於優化藥品註冊審評審批有關事宜的公告》), which further simplified and accelerated the drug approval process.

Rare Disease

On 11 May 2018, the NHC, along with the NMPA and three other agencies jointly published the Notice of the First Edition of the Rare Disease List (《關於公佈第一批罕見病目錄的通知》) which includes 121 diseases covering various genetic disorder, including Generalized Myasthenia Gravis and Neuromyelitis Optica. According to the Notice on Publishing the Procedures of Developing the Rare Disease List (《關於印發罕見病目錄制訂工作程序的通知》) issued on 28 May 2018, the following four criteria should be met for rare disease designation: (i) the disease has a low prevalence or incidence in China and other countries; (ii) the disease significantly impacts the patient and his or her family; (iii) there is a clear method of diagnosis; and (iv) the disease is treatable and intervention is feasible and economically accessible, or if there is no effective treatment or intervention, but it has been included in the national scientific research project.

Marketing Authorization Holder System

Under the authorization of the Standing Committee of the National People's Congress, the State Council issued the Pilot Plan for the Drug Marketing Authorization Holder System (《藥品上市許可持有人制度試點方案》) on 26 May 2016, which provides a detailed pilot plan for the marketing authorization holder system, or MAH System, for drugs in 10 provinces in China and ended in 4 November 2018.

Pursuant to the PRC Drug Administration Law (《藥品管理法》), which was promulgated in 1984 by the Standing Committee of the National People's Congress and recently revised in 1 December 2019, provides that the MAH system will be applicable throughout the country. Under the MAH System, domestic drug research and development institutions and enterprises eligible to be holders of drug registrations. The legal representative and the key person-in-charge of a drug marketing authorization holder shall be fully responsible for the quality of drugs. And holders of drug registrations shall establish a pharmaceutical quality assurance system, equipped with specialized staff solely responsible for the quality of medicines management.

Sampling and Collecting Human Genetic Resources Filing

On 10 June 1998, the Ministry of Science and Technology and the Ministry of Health promulgated the Interim Administrative Measures on Human Genetic Resources (《人類遺傳資源管理暫行辦法》), which established the rules for protecting and utilizing human genetic resources in the PRC. According to the Service Guide for Administrative Licensing Items concerning Examination and Approval of Sampling, Collecting, Trading or Exporting Human Genetic Resources, or Taking Such Resources out of the PRC (《人類遺傳資源採集、收集、買賣、出口、出境審批行政許可事項服務指南》) issued by the Ministry of Science and Technology on 2 July 2015 and the Circular on Implementing the Approval of Sampling, Collecting, Trading or Exporting Human Genetic Resources, or Taking Such Resources out of the PRC (《關於實施人類遺傳資源採集、收集、買賣、出口、出境行政許可的通知》) issued by the Ministry of Science and Technology on 24 August 2015, the sampling and collection of human genetic resources though clinical trials by a foreign-invested sponsor shall be required to be filed with the China Human Genetic Resources Management Office through the online system. On 26 October 2017, the Ministry of Science and Technology promulgated the Circular on Optimizing the Administrative Examination and Approval of Human Genetic Resources (《關於優化人類遺傳資源行政審批流程的通知》) simplifying the approval of sampling and collecting human genetic resources for the purpose of marketing a drug in the PRC.

The Regulations of the PRC on the Administration of Human Genetic Resources promulgated by the State Council on 28 May 2019 (《人類遺傳資源管理條例》) and implemented on 1 July 2019, further stipulates that in order to obtain marketing authorization for relevant drugs and medical devices in China, no approval is required in international clinical trial cooperation using China's human genetic resources at clinical institutions without export of human genetic resource materials. However, the two parties shall file the type, quantity and usage of the human genetic resource to be used with the administrative department of science and technology under the State Council before clinical trials.

Administrative Protection and Monitoring Periods for New Drugs

According to the Implementing Rules for PRC Drug Administration Law (《藥品管理法實施條例》) issued in March 2019 and the Drug Reclassification Plan, the NMPA may, for the purpose of protecting public health, provide for an administrative monitoring period of five years for new Category 1 drugs approved to be manufactured, commencing from the date of approval, to continually monitor the safety of those new drugs. During the monitoring period of a new drug, the NMPA will not accept other applications for new drugs containing the same active ingredient.

Regulations in relation to the Manufacturing of Drugs

Drug Manufacturing Permit

Pursuant to the PRC Drug Administration Law, a drug manufacturer must obtain a Drug Manufacturing Permit from the NMPA before it starts to manufacture drug products. Prior to granting such permit, the relevant government authority will inspect the applicant's production facilities, and decide whether the sanitary conditions, quality assurance system, management structure and equipment within the facilities have met the required standards. Each Drug Manufacturing Permit is valid for a period of five years and the manufacturer is required to apply for renewal of the permit within six months prior to its expiration date and will be subject to reassessment by the authority in accordance with then prevailing legal and regulatory requirements for the purposes of such renewal.

Good Manufacturing Practice

Pursuant to the Certification Measures for Good Manufacturing Practice for Drugs (《藥品生產質量管理規範認證管理辦法》) issued by the CFDA in August 2011, when establishing a pharmaceutical manufacturer or a new factory or expanding the production scope, the drug manufacturer must apply for GMP certification. The drug manufacturer that has obtained the GMP certificate should reapply for the GMP certificate 6 months prior to its expiration data. Pursuant to the PRC Drug Administration Law, the GMP certification is canceled but drug manufacturers are still required to comply with the GMP rules.

The drug manufacturer must conduct the manufacturing process according to the Good Manufacturing Practice for Drugs (《藥品生產質量管理規範》) (2010 version) issued by the Ministry of Health in January 2011, which sets forth the requirements on the manufacturer's organization and staff qualifications, manufacture premises and facilities, equipment, hygiene conditions, manufacture management, product management, maintenance of sales records and the procedure of handling customer complaints and adverse reaction reports.

Contract Manufacturing of Drugs

Pursuant to the Administrative Regulations for the Contract Manufacturing of Drugs (《藥品委託生產監督管理規定》) issued by the CFDA in August 2014 (the "**Contract Manufacturing Regulations**"), in the event a drug manufacturer in China that has obtained a drug marketing authorization temporarily lacks manufacturing conditions as a result of technology upgrade or is unable to ensure market supply due to insufficient manufacturing capabilities, it can entrust the manufacturing of that drug to another domestic drug manufacturer. Such contract manufacturing arrangements needs to be approved by the provincial branch of the NMPA. The Contract Manufacturing Regulations prohibit the contract manufacturing arrangement of certain special drugs, including narcotic drugs, psychoactive drugs, biochemical drugs and active pharmaceutical ingredients.

Regulations in relation to Intellectual Properties

Patent

Patents in the PRC are mainly protected under the Patent Law (《專利法》), which was passed by the Standing Committee of the National People's Congress on 12 March 1984 and last amended on 17 October 2020 and will take effect since 1 June 2021, and its Implementation Rules (《專利法實施細則》), which were promulgated by the State Council on 15 June 2001 and amended on 28 December 2002 and 9 January 2010. The Patent Law and its Implementation Rules provide for three types of patents, "invention", "utility model" and "design." "Invention" refers to any new technical solution relating to a product, a process or improvement thereof; "utility model" refers to any new technical solution relating to the shape, structure, or their combination, of a product, which is suitable for practical use; and "design" refers to any new design of the shape, pattern, color or the combination of any two of them, of a product, which creates an aesthetic feeling and is suitable for industrial application. The duration of a patent right for "invention" is 20 years, and the duration of a patent right for "utility model" or "design" is 10 years, from the date of application.

Trade Secrets

According to the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》), promulgated by the SCNPC in September 1993, as amended in 4 November 2017 and 23 April 2019 respectively, the term "trade secrets" refers to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the PRC Anti-Unfair Competition Law, business persons are prohibited from infringing others' trade secrets by: (1) acquiring a trade secret from the right holder by theft, bribery, fraud, coercion, electronic intrusion, or any other means; (2) disclosing, using, or allowing another person to use a trade secret acquired from the right holder by any means as specified in the item (1) above; (3) disclosing, using, or allowing another person use a trade secret in its possession, in violation of its confidentiality obligation or the requirements of the right holder for keeping the trade secret confidential; (4) abetting a person, or tempting another person into or in acquiring, disclosing, using, or allowing another person to use the trade secret of the right holder in violation of his or her non-disclosure obligation of the requirements of the right holder for keeping the trade secret confidential. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others' trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and fine infringing parties.

Domain Names

Domain names are protected under the Administrative Measures on the Internet Domain Names (《互聯網域名管理辦法》) issued by the Ministry of Industry and Information Technology (the "**MIIT**"), on 24 August 2017 and effective from 1 November 2017. The MIIT is the main regulatory body responsible for the administration of PRC internet domain names. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

Regulations in relation to Foreign Investment

Foreign Direct Investment

The Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) (the "**FIL**"), which was promulgated by the National People's Congress On 15 March 2019, and came into effect on 1 January 2020, provides that the foreign investment refers to the investment activities in China carried out directly or indirectly by foreign natural persons, enterprises or other organizations, including the following: (1) Foreign Investors establishing foreign-invested enterprises in China alone or collectively with other investors; (2) Foreign Investors acquiring shares, equities, properties or other similar rights of Chinese domestic enterprises; (3) Foreign Investors investing in new projects in China alone or collectively with other investors; and (4) Foreign Investors investing through other ways prescribed by laws and regulations or the State Council. The State adopts the management system of pre-establishment national treatment and negative list for foreign investment. The pre-establishment national treatment refers to granting to Foreign Investors and their investments, in the stage of investment access, the treatment no less favorable than that granted to domestic investors and their investments; the negative list refers to special administrative measures for access of foreign investment in specific fields as stipulated by the State. The State will grant national treatment to foreign investments outside the negative list. The negative list will be released by or upon approval of the State Council.

Foreign investment in China is subject to the Catalogue for the Encouraged Investment Industries (2019 Edition) (《鼓勵外商投資產業指導目錄(2019年版)》) issued on 30 June 2019 and effective from 30 July 2019, and the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2020 Edition) (《外商投資准入特別管理措施(負面清單)》) (2020年版) issued on 23 June 2020 and effective from 23 July 2020, which together comprise the encouraged foreign-invested industries catalogue and the special administrative measures for the access of foreign investments to the restricted or the prohibited foreign-invested industries. The latter sets out restrictions such as percentage of shareholding and qualifications of senior management. According to the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises, foreign investments that are not subject to special access administrative measures are only required to complete an online filing with the MOFCOM or its local counterpart.

Foreign Exchange Administration

The principal law governing foreign currency exchange in the PRC is the PRC Administrative Regulations on Foreign Exchange (《外匯管理條例》) (the "**Foreign Exchange Regulations**"), which was enacted by the State Council on 29 January 1996 and most recently revised on 5 August 2008. According to the Foreign Exchange Regulations, the RMB is freely convertible for "current account transactions," which include, among other things, dividend payments, interest and royalties payments, trade and service-related foreign exchange transactions. For "capital account transactions" which principally include direct investments, loans, securities investments and repatriation of investments, prior approval of and registration with the State Administration of Foreign Exchange (SAFE) or its local branches is generally required.

On 30 March 2015, the SAFE promulgated the Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**Circular 19**"), which came into effect on 1 June 2015 and replaced the Notice of the General Affairs Department of the SAFE on the Relevant Operating Issues concerning the Improvement of the Administration of Payment and Settlement of Foreign Currency Capital of Foreign-invested Enterprises (《國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》) promulgated by SAFE on 29 August 2008. Under the SAFE Circular 19, a foreign-invested enterprise may, according to its actual business needs, settle with a bank the portion of the foreign exchange capital in its capital account, i.e., a bank account opened by a foreign-invested enterprise where the foreign shareholder(s) are required to remit and deposit the amount of respective capital contributions, for which the relevant foreign exchange bureau has confirmed monetary contribution rights and interests (or for which the bank has registered the account-crediting of monetary contribution). Meanwhile, the use of such Renminbi should still comply with the restrictions set in this circular in that it cannot be directly or indirectly used for making payments beyond the business scope of the enterprise or payments prohibited by national laws and regulations, investing in securities unless otherwise provided by laws and regulations, granting the entrust loans in Renminbi (unless permitted by the scope of business), repaying the inter-enterprise borrowings (including advances by the third party) repaying the bank loans in Renminbi that have been lent to a third party, and paying the expenses related to the purchase of real estate not for self-use, except for the foreign-invested real estate enterprises.

On 9 June 2016, the SAFE promulgated the Notice on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange Settlement (《關於改革和規範資本項目結匯管理政策的通知》) (the "**Circular 16**"), which took effect on the same day. According to the SAFE Circular 16, enterprises registered in China could settle the external debts in foreign currencies to Renminbi at their own discretion. The SAFE Circular 16 sets a uniform standard for discretionary settlement of foreign currencies under capital accounts (including but not limited to foreign currency capital and external debts), which is applicable to all enterprises registered in China. It reiterated that the Renminbi funds obtained from the settlement of foreign currencies shall not be used directly or indirectly for purposes beyond the

company's scope of business, and shall not be used for domestic securities investment or investments and wealth management products other than principal-protected products issued by banks, unless otherwise expressly prescribed. Furthermore, such Renminbi funds shall not be used for disbursing loans to non-affiliated enterprises, unless the scope of business expressly provides so; and shall not be used to construct or purchase real estate not for self-use (except for real estate enterprises).

Circular 37

The Circular on Related Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas Investment and Financing and in Round-trip Investment via Special Purpose Companies (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**Circular 37**"), was promulgated by the SAFE and came into effect on 4 July 2014. Under Circular 37, PRC residents, individuals or institutions are required to register with the bureau of foreign exchange administration before they invest in a special purpose vehicle (SPV) with legitimate assets or equity interests inside and outside the PRC. In addition, any PRC resident that is a shareholder of an offshore SPV is required to amend its SAFE registration in a timely manner after any major changes of the offshore SPV being made, such as any increase or decrease of capital, stock right assignment or exchange, or merger or division. Failure to comply with the registration procedures set forth in the Circular 37 may result in restrictions being imposed on the subsequent foreign exchange activities of the relevant PRC residents, including the remitting back of dividends and profits. PRC residents who invest in an SPV with legitimate assets or equity interests inside and outside the PRC prior to the implementation of the Circular 37, but fail to conduct the foreign exchange registration of overseas investments, must submit an explanatory statement and state the reasons for doing so to SAFE. SAFE may allow complementary registration under the principles of legality and legitimacy. In the event of any violation of foreign exchange regulations by the PRC resident that applies for complementary registration, administrative penalties could be imposed in accordance with relevant laws.

According to the Circular on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (關於進一步簡化和改進直接投資外匯管理政策的通知), which was promulgated by SAFE on 13 February 2015 and came into effect on 1 June 2015, registrations under Circular 37 will be handled directly by the bank that has obtained the financial institution identification codes issued by the foreign exchange regulatory authorities and that has opened the capital account information system at the foreign exchange regulatory authority in the place where it is located. Foreign exchange regulatory authorities will perform indirect regulation over the direct investment-related foreign exchange registration via the banks.

Other Regulations in relation to Our Business

Enterprise Income Tax

According to the PRC Enterprise Income Law (《企業所得税法》) (the "**EIT Law**"), which was promulgated on 16 March 2007 and latest amended on 29 December 2018, the income tax for both domestic and foreign-invested enterprises is at a uniform rate of 25%. The Regulation on the Implementation of Enterprise Income Tax Law (《企業所得税法實施條例》) (the "**EIT Rules**"), was promulgated on 6 December 2007, came into effect on 1 January 2008, and amended on 23 April 2019. Pursuant to the PRC EIT Law and the EIT Rules, a resident enterprise is subject to enterprise income tax for the income derived from both inside and outside the PRC. An organization or establishment set up by a non-resident enterprise in the PRC is subject to enterprise income tax for the income derived in the PRC and the income derived from outside the PRC but with actual connection with such organization or establishment in the PRC. A non-resident enterprise without a permanent establishment in the PRC or a non-resident enterprise which has set up a permanent establishment in the PRC whose earning income is not connected with the abovementioned permanent establishment will only be subject to tax on its PRC-sourced income. The income for such enterprise will be taxed at the reduced rate of 10%.

Pursuant to the EIT Law and the EIT Rules, income from equity investment between qualified resident enterprises such as dividends and bonuses, which refers to investment income derived by a resident enterprise from direct investment in another resident enterprise, is tax-exempt income. Moreover, pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》), which were issued by the SAT on 21 August 2006 and came into effect on 8 December 2006, a PRC resident enterprise which distributes dividends to its Hong Kong shareholders should pay income tax according to PRC law; however, if the beneficiary of the dividends is a Hong Kong resident enterprise, which directly holds no less than 25% equity interests of the aforementioned enterprise (i.e. the dividend distributor), the tax levied shall be 5% of the distributed dividends. If the beneficiary is a Hong Kong resident enterprise, which directly holds less than 25% equity interests of the aforementioned enterprise, the tax levied shall be 10% of the distributed dividends. Meanwhile, the Announcement of the State Administration of Taxation on Certain Issues Concerning the "Beneficial Owners" in the Tax Treaties (《國家税務總局關於税收協定中"受益所有人"有關問題的公告》), promulgated by the SAT on February 3, 2018, and came into effective on 1 April 2018, has stipulated some factors that are unfavorable to the determination of "beneficial owner".

In addition, under the Circular of the SAT on Relevant Issues concerning the implementation of Dividend Clauses in Tax Treaties (《國家税務總局關於執行税收協定股息條款有關問題的通知》), which was promulgated by the SAT on 20 February 2009, and came into effect on the same date, all of the following requirements should be satisfied where a tax resident of the counterparty to the tax treaty needs to be entitled to such tax treatment specified

in the tax treaty for the dividends paid to it by a Chinese resident company: (i) such tax resident who obtains dividends should be a company as provided in the tax treaty; (ii) the equity interests and voting shares of the Chinese resident company directly owned by such a tax resident reach a specified percentage; and (iii) the capital ratio of the Chinese resident company directly owned by such a tax resident reaches the percentage specified in the tax treaty at any time within 12 months prior to acquiring the dividends.

Regulations on PRC enterprise income tax on indirect transfer of non-resident enterprises

On 3 February 2015, the SAT issued the Announcement of the State Administration of Taxation on Certain Issues Concerning the Enterprise Income Tax on the Indirect Transfer of Properties by Non-resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (the "**Circular 7**"). Circular 7 stipulates that when a non-resident enterprise transfers the assets (including equity interests) in an overseas holding company which directly or indirectly owns PRC taxable properties, including shares in a PRC company (or PRC Taxable Assets), for the purposes of avoiding PRC enterprise income taxes through an arrangement without reasonable commercial purpose, such indirect transfer should be reclassified and recognized to be a direct transfer of the assets (including equity interests) of a PRC resident enterprise in accordance with the Enterprise Income Tax Law, unless the overall arrangements relating to an indirect transfer of PRC Taxable Assets fulfil one of the conditions as stipulated under the Circular 7.

Further according to the Announcement on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises (《關於非居民企業所得稅源泉扣繳有關問題的公告》) issued by SAT on 17 October 2017 and revised on 15 June 2018, the "income from property transfer" shall include the income from the transfer of equity interests and equity investment assets (hereinafter referred to as "equities"). The balance after deducting the net value of equities from the income from equity transfer is the taxable income from equity transfer. When calculating the income from equity transfer, an enterprise shall not deduct the amount that may be distributed from the shareholders' retained proceeds that are attributable to such equities, such as the undistributed profits of the invested enterprise.

Environmental Protection

The PRC Environmental Protection Law (《環境保護法》) (the "**Environmental Protection Law**"), which was promulgated by the Standing Committee of the National People's Congress on 26 December 1989 and came into effect on the same date and was then amended on 24 April 2014, and came into effect on 1 January 2015, provides a regulatory framework to protect and develop the environment, prevent and reduce pollution and other public hazards, and safeguard human health. The environmental protection department of the State Council is in charge of promulgating national standards for environmental protection. The Environmental Protection Law requires any facility that produces pollutants or other hazards to adopt environmental protection measures in its operations and establish an environmental protection responsibility system. Enterprises that are in violation of the

Environmental Protection Law may be subject to a warning, payment of damages, imposition of a fine, or limitation or suspension of production depending on the seriousness of the case. If a criminal offense is committed, the offender may be subject to criminal penalties.

The PRC Law on Environment Impact Assessment (《環境影響評價法》), which was promulgated by the Standing Committee of the National People's Congress on 28 October 2002 and latest amended on 29 December 2018, the Administrative Regulations on the Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was promulgated by the State Council on 29 November 1998 and amended on 16 July 2017 and other relevant environmental laws and regulations, enterprises which plan to construct projects shall engage qualified professionals to provide the assessment reports, assessment form, or registration form on the environmental impact of such projects. The assessment reports, assessment form, or registration form shall be filed with or approved by the relevant environmental protection bureau prior to the commencement of any construction work.

Employee Stock Option Plans

On 15 February 2012, SAFE issued the Circular on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plans of Overseas Publicly-Listed Companies (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the "**Share Option Rules**"). Under the Share Option Rules, PRC citizens or residents habitually residing in the PRC continuously for over one year, with a few exceptions, and who have been granted, restricted shares or share options by an overseas listed company according to its employee share option or share incentive plan, are required to appoint a qualified PRC agent, register with SAFE or its local counterparts and complete certain other procedures related to the shareholding plan, share option plan or other similar share incentive plans. Concurrent with registration with SAFE or its local counterparts, the qualified PRC agent is required to obtain an approval from SAFE for an annual allowance for the foreign exchanges in connection with shareholding or the exercise of a share option, and an approval for opening a special foreign exchange account at a PRC domestic bank to hold the funds required in connection with share purchases or share option exercises, returned principals or profits upon sale of shares, dividends issued on the stock and any other income or expenditures approved by SAFE. Currently, foreign exchange income of the participating PRC residents received from the sale of share and dividends distributed by the overseas listed company are required to be fully remitted into such special domestic foreign currency account before distribution to such participants. In addition, the PRC agents are required to amend or deregister the registrations with SAFE or its local counterparts in case of any material change in, or termination of, the share incentive plans within the time periods provided by the Share Option Rules.

Labor and Social Insurance

According to the PRC Labor Law (《中華人民共和國勞動法》), which was promulgated by the Standing Committee of the National People's Congress on 5 July 1994 and effective from 1 January 1995, and amended on 27 August 2009 and 29 December 2018. The PRC Labor Contract Law (《勞動合同法》) (the "**Labor Contract Law**"), which was promulgated by the Standing Committee of the National People's Congress on 29 June 2007 and became effective on 1 January 2008 and whose amendments made on 28 December 2012 took effect on 1 July 2013, governs the relationship between employers and employees and provides for specific provisions in relation to the terms and conditions of an employment contract. The Labor Contract Law stipulates that employment contracts must be in writing and signed. It imposes more stringent requirements on employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

Under applicable PRC laws and regulations, including the PRC Social Insurance Law (《社會保險法》), which was promulgated by the Standing Committee of the National People's Congress on 28 October 2010, became effective on 1 July 2011, and amend on 29 December 2018 and the Regulations on the Administration of Housing Accumulation Fund (《住房公積金管理條例》), which was amended by the State Council on 24 March 2002, and amend on 24 March 2019, employers and/or employees (as the case may be) are required to contribute to a number of social security funds, including funds for basic pension insurance, employment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and housing provident funds. These payments are made to local administrative authorities and employers who fail to contribute may be fined and ordered to rectify within a stipulated time limit.

DIRECTORS

Upon Listing, our Board will consist of eight Directors, comprising three executive Directors, two non-executive Directors and three independent non-executive Directors, namely:

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities
Dr. Jingsong Wang (王勁松)	56	Executive Director, chief executive officer, chairman of the Board	July 2016	July 2016	Overall strategic planning and business development and strategies of our Group
Dr. Mai-Jing Liao (廖邁菁)	50	Executive Director, chief business officer	July 2016	January 2018	Marketing and business development strategies of the Company
Dr. Atul Mukund Deshpande	41	Executive Director, chief strategy officer, head of U.S. operations	December 2018	August 2020	Development, communication, execution and sustainability of our corporate strategic initiatives
Mr. Yu Min Qiu (裘育敏)	47	Non-executive Director	December 2016	December 2016	Providing professional opinion and judgment to the Board
Mr. Junfeng Wang (王俊峰)	46	Non-executive Director	March 2018	March 2018	Providing professional opinion and judgment to the Board

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities
Dr. Robert Irwin Kamen	76	Independent non-executive Director	December 2016	December 2016	Supervising and providing independent judgment to the Board
Dr. Xiaoping Ye (葉小平)	57	Independent non-executive Director	Appointment letter signed on 23 November 2020 with effect from the date of this document	the date of this document	Supervising and providing independent judgment to the Board
Ms. Weiwei Chen (陳維維)	55	Independent non-executive Director	Appointment letter signed on 23 November 2020 with effect from the date of this document	the date of this document	Supervising and providing independent judgment to the Board

Save as may be disclosed below, none of our Directors are related to other Directors or members of senior management.

Executive Directors

Mr. Jingsong Wang, M.D., Ph.D. (王勁松), aged 56, is an executive Director, the chief executive officer and chairman of the Board of our Company. Dr. Wang is also a director of HBM Holdings BVI and HBM Therapeutics, as well as the legal representative and chief executive officer of HBM Shanghai, HBM Suzhou, HBM Guangzhou and HBM Beijing.

Dr. Wang was the associate director of translational medicine at Wyeth from July 2005 to May 2007. After that, he served as director of clinical discovery immunology at Bristol-Myers Squibb from June 2007 to November 2011. From November 2011 to December 2015, Dr. Wang served as the head of China research and development at Sanofi.

Dr. Wang has served as an independent non-executive director of Frontage Holdings Corporation (HKEX:1521) since April 2018. He has also served as independent non-executive director of Silicon Therapeutics since August 2016.

Dr. Wang received his M.D. in clinical medicine from Xuzhou Medical College in China in June 1986, his master's degree in medical science (immunology) from Jilin University in China in July 1989, and his Ph.D. in molecular pharmacology from China Pharmaceutical University in China in July 2011. Dr. Wang also obtained a physician qualification awarded by the Commonwealth of Massachusetts Board of Registration in Medicine in May 2002, as well as a Diplomate in Internal Medicine and a Diplomate in Rheumatology, both awarded by the American Board of Internal Medicine in 2003 and 2004 respectively. He obtained an unrestricted licensure in medicine awarded by the State Board of Medicine of the Commonwealth of Pennsylvania in 2005. In addition, Dr. Wang served as a research/clinical fellow in rheumatology at Brigham and Women's Hospital and Harvard Medical School from June 2001 to June 2005.

Mr. Mai-Jing Liao, Ph.D., MBA (廖邁菁), aged 50, is an executive Director and the chief business officer of our Company. Dr. Liao is also the chief business officer of HBM U.S., HBM Shanghai, HBM Suzhou and HBM Therapeutics.

In July 2007, Dr. Liao joined Janssen (formerly Centocor), a Johnson & Johnson company, and had served as associate director, strategic marketing since March 2013 until he departed from Janssen in June 2016.

Dr. Liao received his Ph.D. in biochemistry and biophysics from the School of Medicine at the University of North Carolina at Chapel Hill in the United States in June 1999 and his master of business administration degree from the Johnson School of Management at Cornell University in the United States in June 2007.

During the past three years, Dr. Liao has not been a director of any listed companies.

Mr. Atul Mukund Deshpande, Ph.D., MBA, aged 41, is an executive Director and the chief strategy officer and head of U.S. operations of our Company.

Dr. Deshpande served as a consultant at Deallus from July 2011 to August 2012. He subsequently joined Sanofi in September 2012, where he served as associate director, unit strategy officer of the Asia Pacific therapeutic strategy unit from September 2012 to December 2014, unit management officer of the immunology franchise from January 2015 to October 2016, and global operations lead of the Dupixent franchise from October 2016 to December 2018.

Dr. Deshpande received his bachelor's degree in microbiology and biotechnology and his master's degree of science in neuroscience from the University of Mumbai in India in December 2000 and December 2002, respectively. He received his Ph.D. in neuroscience from the University of California, Irvine in the United States in June 2007 and his master of business administration degree from Cranfield University in the United Kingdom in June 2011. Dr. Deshpande has been a member of the Association of Project Management since July 2010.

During the past three years, Dr. Deshpande has not been a director of any listed companies.

Mr. Yu Min Qiu (裘育敏), aged 47, is a non-executive Director of our Company and was designated by Advantech Capital, one of our Pre-IPO Investors.

Mr. Qiu worked at Vancouver Coastal Health Authority from May 2004 to April 2007. From April 2007 to May 2010, he worked at the advisory department in PricewaterhouseCoopers Consultants (Shenzhen) Ltd. (Beijing branch) and his last position held was manager. From May 2010 to April 2013, he was a vice president of investment management firm GL Capital. He served as director at New Horizon Capital, a private equity fund, from May 2013 to December 2014 and as an executive director from January 2015 to December 2015. Thereafter, he joined Advantech Capital, a private equity fund, as an executive director in January 2016 and has been a partner at Advantech Capital since October 2017.

Mr. Qiu has served as a non-executive director of TOT BIOPHARM International Company Limited (HKEX:1875) since September 2018 and a non-executive director of Alphamab Oncology (HKEX:9966) since October 2018.

Mr. Qiu received his bachelor's degree in power engineering from the East China University of Technology (which was subsequently amalgamated with Shanghai Institute of Mechanical Technology to become the University of Shanghai for Science and Technology) in China in July 1994, and his master of business administration degree in finance from the University of British Columbia in Canada in May 2004. He has also been a Certified Management Accountant (conferred by the Chartered Financial Analyst Institute) since May 2006 and a Chartered Financial Analyst (conferred by the Institute of Management Accountants) since September 2007.

Mr. Junfeng Wang (王俊峰), aged 46, is a non-executive Director of our Company and was designated by Legend Capital, one of our Pre-IPO Investors.

Mr. Wang served as the assistant general manager of the key accounts department of the Lenovo Group from April 1997 to May 2001, prior to joining Legend Capital in May 2004, where he has served as a managing director since October 2009.

Mr. Wang served as a non-executive director on the boards of the following listed companies during the past three years:

- Beijing GeoEnviron Engineering & Technology, Inc. (SSE:603588) since June 2010;
- Qingdao Huicheng Environmental Technology Co., Ltd. (SZSE:300779) since September 2015;
- Shenzhen Colibri Technologies Co., Ltd. (SZSE:002957) since September 2016;
- Berry Genomics Co., Ltd. (SZSE:000710) since May 2018;
- Hiconics Eco-energy Technology Co., Ltd. (SZSE:300048), from March 2009 to December 2018;

- Sevalo Machinery Supply Chain Co., Ltd. (National Equities Exchange and Quotations: 833704) from October 2011 to August 2018; and

- Innovent Biologics, Inc. (HKEX:1801) prior to its listing and from April 2018 to October 2018.

Mr. Wang received his bachelor's degree in polymer chemistry from Lanzhou University in China in June 1995, his master of business administration degree in international finance from McMaster University in Canada in June 2004 and his executive master of business administration degree from the PBC School of Finance, Tsinghua University in China in July 2019.

Independent Non-Executive Directors

Mr. Robert Irwin Kamen, Ph.D., aged 76, is an independent non-executive Director of our Company. He also served as a director of Harbour Antibodies from December 2007 to December 2016 prior to the acquisition of Harbour Antibodies by our Group. Dr. Kamen has served as an independent Director on our Board as well as a member of our scientific advisory board since December 2016. He provides our Group with independent consulting and advisory services and is not involved in the day-to-day management of the Group.

Dr. Kamen was the head of the transcription laboratory and a principle investigator of the Imperial Cancer Research Fund from 1976 to 1982, after which he served as the senior vice president of scientific affairs at Genetics Institute, Inc. from 1982 to 1989, where he was the overall head of research and development. He then served as the president of the BASF Research Corporation from 1991 to 2000, and the president and unit head of the Abbott Bioresearch Center, where he was also a member of the Abbott Labs executive committee, from 2000 to 2002. Dr. Kamen served as an executive in residence at Oxford Bioscience Partners, a venture capital firm, from 2002 to 2008. He has served as a venture partner at Third Rock Ventures since 2010.

Dr. Kamen has served as a director of the following listed companies:

- Jounce Therapeutics (NASDAQ:JNCE), since June 2013; and

- Neon Therapeutics (which was formerly NASDAQ-listed with ticker symbol NTGN and subsequently acquired by Biopharmaceutical New Technologies (NASDAQ:BNTX), in May 2020), since October 2015.

Dr. Kamen received his bachelor's degree of arts in biophysics from Amherst College in the United States in 1965 and his Ph.D. in biochemistry and molecular biology from the Harvard University Graduate School of Arts and Sciences in the United States in 1970. He has also been a member of the European Molecular Biology Organization since 1976.

Mr. Xiaoping Ye, Ph.D. (葉小平), aged 57, in an independence non-executive Director of our Company.

From March 2005 to September 2010, Dr. Ye served successively as manager, director and general manager at Hangzhou Tigermed Limited, the predecessor of Hangzhou Tigermed Consulting Co., Ltd. (HKEX: 3347) ("**Hangzhou Tigermed**"). After the incorporation of Hangzhou Tigermed in September 2010, he served as the general manager from September 2010 to April 2019. He has served as the chairman of the board and a director of Hangzhou Tigermed since its incorporation in September 2010 and also as an executive director since April 2020. Dr. Ye is also the chairman of the Strategy Development Committee of Hangzhou Tigermed.

Dr. Ye has served as a director of Dian Diagnostics (SZSE: 300244) since March 2020 and Coland Holdings Limited (TWSE: 4144) since December 2010. Dr. Ye also served as a director of Shanghai Lide Biotech Co., Ltd., the shares of which ceased to be quoted on the National Equities Exchange and Quotations in April 2019.

Dr. Ye received his Ph.D. in immunology from Oxford University in April 2001.

Ms. Weiwei Chen (陳維維), aged 55, is an independent non-executive Director of our Company.

Ms. Chen joined Sanofi Group in February 2004 as chief financial officer (China) and had subsequently served as the chief financial officer (Asia) since April 2011 until her departure in June 2012. Ms. Chen then served as the chief financial officer of Yum! Brands, Inc. (China Division) between July 2012 and May 2015. Subsequently, she joined Starbucks (China) where she has served as vice president and chief financial officer since June 2015.

Ms. Chen received her bachelor's degree in accountancy from the University of Illinois in the United States in May 1993 and her master of administration degree from Rutgers University in the United States in October 2002.

During the past three years, Ms. Chen has not been a director of any listed companies.

Save as disclosed above, there is no material matter relating to our Directors that needs to be brought to the attention of our Shareholders and the information of our Directors disclosed in this document comply with the requirements under Rule 13.51(2) in all material respects.

SENIOR MANAGEMENT

The following table provides information about members of our senior management:

Name	Age	Position	Date of joining our Group	Roles and responsibilities
Dr. Jingsong Wang (王勁松)	56	Executive Director, chief executive officer, chairman of the Board	July 2016	Overall strategic planning and business development and strategies of our Group
Dr. Mai-Jing Liao (廖邁菁)	50	Executive Director, chief business officer	July 2016	Marketing and business development strategies of the Company
Dr. Atul Mukund Deshpande	40	Executive Director, chief strategy officer, head of U.S. operations	December 2018	Developing, communicating, executing, and sustaining corporate strategic initiatives to drive the Group's overall success
Mr. Lile Liu (劉禮樂)	58	Senior vice president, head of technology platform, head of Suzhou operations	October 2018	Leading technology platform upgrade and co-discovery business of the Group

Save as may be disclosed below, none of the members of senior management are related to Directors or other members of senior management.

Mr. Jingsong Wang, M.D., Ph.D. (王勁松), aged 56, is an executive Director, the chief executive officer and chairman of the Board of our Company. For further details, see "Executive Directors" above.

Mr. Mai-Jing Liao, Ph.D., MBA (廖邁菁), aged 50, is an executive Director and the chief business officer of our Company. For further details, see "Executive Directors" above.

Mr. Atul Mukund Deshpande, Ph.D., MBA, aged 40, is an executive Director and the chief strategy officer and head of U.S. operations of our Company. For further details, see "Executive Directors" above.

Mr. Lile Liu (劉禮樂), aged 58, has served as our senior vice president and head of technology platform since October 2018. He also serves as head of Suzhou operations.

Mr. Liu worked as a researcher at the Institute of Radiation Medicine of Chinese Academy of Medical Sciences from August 1985 to December 1992. In 1995, Mr. Liu joined Syntron Bioresearch, Inc. and worked as a senior researcher, manager of research & development department and supervisor in the tissue culture laboratory and the antibody & antigen production laboratory. After working in the U.S. in several positions, Mr. Liu returned to China and joined GenScript as director of antibody department, subsequently becoming operational vice president of antibody division from January 2010 to May 2010. Prior to joining our Company, he served as research fellow and then vice president, head of biologics discovery at ChemPartner from May 2010 to November 2018.

Mr. Liu received his bachelor's degree in radiology from Norman Bethune Medical University (now Jilin University) in China in May 1985. He has been a member of Chinese Association of Nuclear Medicine of Chinese Medical Society since 1992.

During the past three years, Mr. Liu has not been a director of any listed companies.

COMPANY SECRETARY

Mr. Wing Yat Christopher Lui (呂穎一), aged 31, is our company secretary and a manager of corporate services of Tricor Services Limited.

Mr. Lui has over nine years of experience in the corporate secretarial field. He has worked for Tricor Services Limited since October 2011. He has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Mr. Lui is currently the joint named company secretary of TOT BIOPHARM International Company Limited (HKEX: 1875). He was also the named company secretary of Brainhole Technology Limited (HKEX: 2203) from June 2018 to March 2020.

Mr. Lui received his bachelor's degree of science in economics and statistics from University College London in the United Kingdom in August 2011. He became a chartered secretary and an associate of both the Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute (formerly the Institute of Chartered Secretaries and Administrators) in the United Kingdom in 2017.

KEY TERMS OF EMPLOYMENT CONTRACTS

We normally enter into (i) an employment contract and (ii) an employee proprietary information, inventions, non-competition and non-solicitation agreement with our key management and key technical staff. Set out below are details of the key terms of these contracts.

- Non-disclosure: At all times during their employment with the Group and thereafter, the employee shall hold in strictest confidence and will not disclose, use, or publish any of the proprietary information of the Group.

- Scope of proprietary information: Any and all confidential and/or proprietary knowledge, data or information of the Company, including inventions, information regarding the Group's research, development, products and business, information regarding customers or potential customers, information regarding any of the business partners of the Group and the services of such business partners, information regarding personnel, employee lists, compensation and employee skills, and any non-public information which a competitor of the Group could use to competitive disadvantage of the Group.

- Assignment of inventions: The employee assigns and agrees to assign in the future to the Company all his/her right, title and interest in and to any and all inventions (and all proprietary rights with respect thereto), whether or not patentable or registrable under copyright or similar statutes, made or conceived or reduced to practice or learned by the employee, either alone or jointly with others, during employment with the Group. Proprietary rights shall mean all trade secret, patent, copyright, mask work and other intellectual property rights throughout the world.

- Non-solicitation: During, and for one year following, their employment, the employee will not, directly or indirectly, (a) solicit any employee of the Group to end his/her relationship with the Group; (b) attempt to hire any person employed by the Group or who has left the Group within the preceding three months or discuss any potential employment or business association with such person; (c) solicit or induce any potential customer or any consultant or contractor of the Group with whom the employee had contact as a result of his/her employment with the Group to terminate, diminish or materially alter its relationship with the Group; or (d) solicit or perform any conflicting services for a customer or potential customer or for any consultant or contractor of the Group with whom the employee had contact as a result of his/her employment with the Group.

- Non-compete: During, and for one year following, their employment, the employee will not, directly or indirectly, compete with the business or anticipated business of the Company or take any steps or actions to facilitate or prepare for competition with the business or anticipated business of the Group, and the employee will not assist another person to take any action stated above.

DIRECTORS' REMUNERATION

For the details of the service contracts and appointment letters that we have entered into with our Directors, see "Statutory and general information – Further Information about our directors – 1. Particulars of Directors' service contracts and appointment letters" in the document.

The aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans and discretionary bonuses) for our Directors for the financial years ended 31 December 2018 and 2019 and the six months ended 30 June 2020 was approximately US$1.25 million, US$1.36 million and US$0.71 million, respectively. Further information on the remuneration of each Director during the Track Record Period is set out in Appendix I.

During the Track Record Period, no remuneration was paid to our Directors as an inducement to join or upon joining our Group. No compensation was paid to, or receivable by, our Directors or past Directors during the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the Track Record Period.

The five highest paid individuals of our Group for the financial years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, included three, three and three Directors, respectively, whose remunerations are included in the aggregate amount of fees, salaries, allowances and retirement benefits scheme contributions we paid to the relevant Directors set out above.

For the financial years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, the aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans and discretionary bonuses) for the remaining two highest paid individuals who are neither a Director nor chief executive of our Group were US$0.37 million, US$0.83 million and US$0.46 million, respectively.

During the Track Record Period, no remuneration was paid to the five highest paid individuals of our Group as an inducement to join or upon joining our Group. No compensation was paid to or receivable by such individuals during the Track Record Period for the loss of any office in connection with the management of the affairs of any member of our Group.

Save as disclosed above, no other payments have been paid or are payable in respect of the Track Record Period to our Directors by our Group.

CORPORATE GOVERNANCE

Audit Committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and provide advice and comments to the Board. The audit committee comprises Mr. Yu Min Qiu, Dr. Xiaoping Ye and Ms. Weiwei Chen. Ms. Weiwei Chen, being the chairman of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration Committee

We have established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management. The remuneration committee comprises Dr. Jingsong Wang, Dr. Xiaoping Ye and Ms. Weiwei Chen. Dr. Xiaoping Ye is the chairman of the committee.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with the Code on Corporate Governance in Appendix 14 to the Listing Rules. The primary duties of the nomination committee are to make recommendations to our Board on the appointment of Directors and management of Board succession. The nomination committee comprises Dr. Jingsong Wang, Dr. Robert Irwin Kamen and Dr. Xiaoping Ye. Dr. Jingsong Wang is the chairman of the committee.

Corporate Governance Code

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. In order to accomplish this, save as disclosed below, we expect to comply with the Corporate Governance Code set out in Appendix 14 of the Listing Rules after Listing. Pursuant to code provision A.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairman and chief executive officer and Dr. Jingsong Wang currently performs these two roles. Our Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall

strategic planning for our Group. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of chairman of our Board and the chief executive officer of our Company at a time when it is appropriate by taking into account the circumstances of our Group as a whole.

Board Diversity

We have adopted a board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Our Company recognizes the benefits of having a diverse Board and considers increasing diversity, including gender diversity, as an essential element in maintaining the Company's competitive advantage and enhancing its ability to attract and retain talent. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a director of the Company, the nomination committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. Pursuant to the board diversity policy, the nomination committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

We have been taking, and will continue to take steps to promote gender diversity at the Board and management levels. We will continue to work to enhance gender diversity of the Board. Our Board will use its best endeavors to appoint female directors to our Board after Listing (keeping in mind the importance of management continuity and the timeline for retirement and reappointment of Directors under the Articles) and our nomination committee will use its best endeavors and on suitable basis to identify and recommend multiple suitable female candidates to our Board for its consideration on appointment of a Director. We will also continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board in due time to ensure gender diversity of the Board. Our Group will continue to emphasize training of female talent and providing long-term development opportunities for our female staff. Our nomination committee will review the board diversity policy from time to time to ensure its continued effectiveness.

COMPLIANCE ADVISER

We have appointed Guotai Junan Capital Limited as our compliance adviser (the "**Compliance Adviser**") pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Adviser will advise our Company in certain circumstances including:

(a) before the publication of any regulatory announcement, circular, or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this document or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this document; and

(d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of our Compliance Adviser shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued pursuant to the Share Schemes, excluding Legend Capital's subscription for the Offer Shares as a cornerstone investor in the Global Offering), the following persons will have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Group:

Name of Shareholder	Capacity/Nature of interest	Number of shares[1]	Approximate percentage of interest in our Company after the Global Offering[2]
Golden Link Investment Limited[3]	Beneficial owner	2,339,034	12.18%
Advantech Master Investment Limited[3]	Interest in controlled corporations	2,339,034	12.18%
Advantech Capital L.P.[3]	Interest in controlled corporations	2,339,034	12.18%
Advantech Capital Partners Ltd.[3]	Interest in controlled corporations	2,339,034	12.18%
Advantech Capital Holdings Ltd.[3]	Interest in controlled corporations	2,339,034	12.18%
Pang Kee Chan Hebert[3]	Interest in controlled corporations	2,339,034	12.18%
LC Healthcare Fund I, L.P.[4]	Beneficial owner	1,636,750	8.53%
LC Healthcare Fund I GP, L.P[4]	Interest in controlled corporations	1,636,750	8.53%
LC Fund GP Limited[4]	Interest in controlled corporations	1,636,750	8.53%
Union Season Holdings Limited[4]	Interest in controlled corporations	1,636,750	8.53%
Legend Capital Co., Ltd[4]	Interest in controlled corporations	1,636,750	8.53%
HARBOURBIO LLC[5]	Beneficial owner	1,508,360	7.86%
Jingsong Wang[5]	Interest in controlled corporations	1,508,360	7.86%
Owap Investment Pte Ltd.[6]	Beneficial owner	1,265,810	6.59%
GIC (Ventures) Pte Ltd[6]	Interested in controlled corporations	1,265,810	6.59%
GIC Special Investments Pte. Ltd[6]	Interested in controlled corporations	1,265,810	6.59%
GIC Private Limited[6]	Interested in controlled corporations	1,265,810	6.59%

Notes:

(1) The number of shares held following conversion of Preferred Shares. The number of shares held are subject to adjustments as a result of the Share Subdivision.

(2) It is assumed that the Over-allotment Option is not exercised and no Shares are issued pursuant to the Share Schemes.

(3) Golden Link Investment Limited is a wholly-owned subsidiary of Advantech Master Investment Limited, which is in turn a wholly-owned subsidiary of Advantech Capital L.P. ("Advantech Capital"). The general partner of Advantech Capital is Advantech Capital Partners Ltd., which is wholly-owned by Advantech Capital Holdings Ltd., which is in turn wholly-owned by Mr. PANG Kee Chan Hebert. Therefore under the SFO, Advantech Master Investment Limited, Advantech Capital, Advantech Capital Partners Ltd., Advantech Capital Holdings Ltd. and Mr. Pang are deemed to be interested in the 2,339,034 Shares held by Golden Link Investment Limited.

(4) Legend Capital Co., Ltd is deemed to be interested in the equity interests held by LC Healthcare Fund I, L.P., due to the fact that it is the sole shareholder of Union Season Holdings Limited, which is the sole shareholder of LC Fund GP Limited, which in turn is the general partner of LC Healthcare Fund I GP, L.P, which in turn is the general partner of LC Healthcare Fund I, L.P.. Legend Capital Co., Ltd is ultimately controlled by each of Zhu Linan, Chen Hao and Wang Nengguang. Therefore under the SFO, LC Healthcare Fund I GP, L.P, LC Fund GP Limited, Union Season Holdings Limited and Legend Capital Co., Ltd are deemed to be interested in the 1,636,750 shares (or 65,470,000 Shares after the Share Subdivision and Conversion) held by LC Healthcare Fund I, L.P..

(5) HARBOURBIO LLC is a company incorporated in the State of South Dakota in the U.S. and is wholly owned and controlled by Dr. Wang.

(6) Owap Investment Pte Ltd. is wholly-owned by GIC (Ventures) Pte Ltd and managed by GIC Special Investments Pte. Ltd, which is wholly-owned by GIC Private Limited. Therefore under the SFO, GIC (Ventures) Pte Ltd, GIC Special Investments Pte. Ltd and GIC Private Limited are deemed to be interested in the 1,265,810 shares (or 50,632,400 Shares after the Share Subdivision and Conversion) held by Owap Investment Pte Ltd..

Except as disclosed above, our Directors are not aware of any other person who will, immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued pursuant to the Share Schemes), have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Group.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe for such number of Offer Shares that may be purchased with an aggregate amount of US$92 million (approximately HK$713 million) at the Offer Price (the "**Cornerstone Placing**").

The Cornerstone Placing will form part of the International Offering, and the Cornerstone Investors will not acquire any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid Shares in issue.

Immediately following the completion of the Global Offering, the Cornerstone Investors will not become substantial shareholders of our Company and, save for Legend Capital (being a Pre-IPO Investor whose director appointment right shall terminate immediately upon Listing), will not have any Board representation in our Company. To the best knowledge of our Company, each of Cornerstone Investors (i) is an Independent Third Party, (ii) is independent of other Cornerstone Investors, (iii) is not financed by us, our Directors, chief executive, existing Shareholders (other than Hudson Bay Capital, Legend Capital, Octagon Investments and OrbiMed Funds, which are existing Shareholders of our Company or their close associates as described below) or any of its subsidiaries or their respective close associates, and (iv) is not accustomed to take instructions from us, our Directors, chief executive existing Shareholders (other than Hudson Bay Capital, Legend Capital, Octagon Investments and OrbiMed Funds, which are existing Shareholders of our Company or their close associates as described below) or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in their name or otherwise held by them. There are no side agreements or arrangements between us and the Cornerstone Investors. Save for our existing Shareholders, we became acquainted with each of the Cornerstone Investors through introduction by certain Underwriters. As confirmed by each Cornerstone Investor, their subscription under the Cornerstone Placing would be financed by their own internal financial resources. Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing and that no specific approval from any stock exchange (if relevant) or its shareholders is required for the relevant cornerstone investment as each of them has general authority to invest.

We are of the view that, leveraging on the Cornerstone Investors' investment experience, the Cornerstone Placing will help raise the profile of our Company and to signify that such investors have confidence in our Company's business and prospect.

There will be no delayed delivery or deferred settlement of Offer Shares to be subscribed by the Cornerstone Investors and the consideration will be settled by the Cornerstone Investors on or before the Listing Date. The Offer Shares to be subscribed by the Cornerstone Investors

may be affected by reallocation in the event of over-subscription under the Hong Kong Public Offering, as described in "Structure and Conditions of the Global Offering – The Hong Kong Public Offering – Reallocation". Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by us on or around 9 December 2020.

Four of the Cornerstone Investors, namely Hudson Bay Capital, Legend Capital, Octagon Investments and OrbiMed Funds, which are existing Shareholders of our Company or their close associates, have been permitted to participate in the Cornerstone Placing pursuant to paragraph 5.2 of Guidance Letter HKEX-GL92-18, and have been granted a waiver from strict compliance with the requirements under Rules 9.09(b), 10.03 and 10.04 of, and a consent under paragraph 5(2) of Appendix 6 to, the Listing Rules (as applicable) by the Stock Exchange.

The table below sets forth details of the Cornerstone Placing:

		Assuming an Offer Price of HK$11.70 (being the low-end of the Offer Price range)				
Cornerstone Investor	**Subscription amount**	**Number of Offer Shares[1]**	**Assuming the Over-Allotment Option is not exercised**		**Assuming the Over-Allotment Option is fully exercised**	
	(US$ in millions)		**Approximately % of the Offer Shares**	**Approximately % of the issued share capital[2]**	**Approximately % of Offer Shares**	**Approximately % of the issued share capital[2]**
BlackRock Funds	30	19,880,000	14.38%	2.59%	12.51%	2.52%
HBM Healthcare	10	6,626,000	4.79%	0.86%	4.17%	0.84%
Hillhouse Capital	10	6,626,000	4.79%	0.86%	4.17%	0.84%
Hudson Bay Capital	10	6,626,000	4.79%	0.86%	4.17%	0.84%
Octagon Investments	10	6,626,000	4.79%	0.86%	4.17%	0.84%
Anlan Fund	7	4,638,000	3.36%	0.60%	2.92%	0.59%
Legend Capital	5	3,313,000	2.40%	0.43%	2.08%	0.42%
OrbiMed Funds	5	3,313,000	2.40%	0.43%	2.08%	0.42%
3W	5	3,313,000	2.40%	0.43%	2.08%	0.42%
Total	92	60,961,000	44.1%	7.94%	38.36%	7.73%

		Assuming an Offer Price of HK$12.31 (being the mid-point of the Offer Price range)				
Cornerstone Investor	Subscription amount	Number of Offer Shares[1]	Assuming the Over-Allotment Option is not exercised		Assuming the Over-Allotment Option is fully exercised	
			Approximately % of the Offer Shares	Approximately % of the issued share capital[2]	Approximately % of Offer Shares	Approximately % of the issued share capital[2]
	(US$ in millions)					
BlackRock Funds	30	18,894,000	13.67%	2.46%	11.89%	2.40%
HBM Healthcare	10	6,298,000	4.56%	0.82%	3.96%	0.80%
Hillhouse Capital	10	6,298,000	4.56%	0.82%	3.96%	0.80%
Hudson Bay Capital	10	6,298,000	4.56%	0.82%	3.96%	0.80%
Octagon Investments	10	6,298,000	4.56%	0.82%	3.96%	0.80%
Anlan Fund	7	4,408,000	3.19%	0.57%	2.77%	0.56%
Legend Capital	5	3,149,000	2.28%	0.41%	1.98%	0.40%
OrbiMed Funds	5	3,149,000	2.28%	0.41%	1.98%	0.40%
3W	5	3,149,000	2.28%	0.41%	1.98%	0.40%
Total	92	57,941,000	41.92%	7.55%	36.45%	7.35%

		Assuming an Offer Price of HK$12.92 (being the high-end of the Offer Price range)				
Cornerstone Investor	Subscription amount	Number of Offer Shares[1]	Assuming the Over-Allotment Option is not exercised		Assuming the Over-Allotment Option is fully exercised	
			Approximately % of the Offer Shares	Approximately % of the issued share capital[2]	Approximately % of Offer Shares	Approximately % of the issued share capital[2]
	(US$ in millions)					
BlackRock Funds	30	18,002,000	13.02%	2.34%	11.33%	2.28%
HBM Healthcare	10	6,000,000	4.34%	0.78%	3.77%	0.76%
Hillhouse Capital	10	6,000,000	4.34%	0.78%	3.77%	0.76%
Hudson Bay Capital	10	6,000,000	4.34%	0.78%	3.77%	0.76%
Octagon Investments	10	6,000,000	4.34%	0.78%	3.77%	0.76%
Anlan Fund	7	4,200,000	3.04%	0.55%	2.64%	0.53%
Legend Capital	5	3,000,000	2.17%	0.39%	1.89%	0.38%
OrbiMed Funds	5	3,000,000	2.17%	0.39%	1.89%	0.38%
3W	5	3,000,000	2.17%	0.39%	1.89%	0.38%
Total	92	55,202,000	39.94%	7.19%	34.73%	7.00%

Notes:

(1) Subject to rounding down to the nearest whole board lot of 1,000 Shares. Calculated based on the exchange rate set out in the section headed "Information about this document and the Global Offering – Exchange rate".

(2) Immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised and no Shares are issued under the Share Schemes.

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

BlackRock Funds

BlackRock Health Sciences Master Unit Trust, BlackRock Global Funds – World Healthscience Fund and BlackRock Health Sciences Trust II ("**BlackRock Funds**") are managed by investment subsidiaries of BlackRock, Inc. ("**BlackRock**"), which have discretionary investment management power over the respective BlackRock Funds. BlackRock is listed on the New York Stock Exchange (stock code: BLK). As of 30 September 2020, the firm managed approximately US$7.81 trillion in assets on behalf of investors worldwide. BlackRock's shareholders' and New York Stock Exchange's approval are not required for BlackRock Funds' subscription for the Offer Shares pursuant to the Cornerstone Investment Agreement. In addition to the conditions precedent as set out in "– Closing Conditions", the subscription obligation of the BlackRock Funds is subject to the respective representations, warranties, acknowledgements, undertakings and confirmations of the Company being accurate, true and complete in all material respects and not misleading or deceptive and there being no material breach of the Cornerstone Investment Agreement on the part of the investor and the Company. Further, the BlackRock Funds are entitled to terminate the Cornerstone Investment Agreement in the event there is a material breach of the Cornerstone Investment Agreement by the Company or other contracting parties or it is prevented or delayed from performing its obligations under the Cornerstone Investment Agreement as a result of circumstances beyond its control.

HBM Healthcare

HBM Healthcare Investments (Cayman) Ltd. ("**HBM Healthcare**") is an investment holding company incorporated in the Cayman Islands, and is a wholly-owned subsidiary of HBM Healthcare Investments AG. HBM Healthcare Investments AG is a company incorporated in Switzerland and listed on SIX Swiss Exchange (symbol: HBMN). HBM Healthcare Investments AG is an investment company holding a well-balanced globally diversified portfolio of investments in private and public healthcare companies. The shareholder of HBM Healthcare Investments (Cayman) Ltd., HBM Healthcare Investments AG, is listed on the SIX Swiss Exchange (SWX: HBMN).

Hillhouse Capital

Gaoling Fund, L.P. and YHG Investment, L.P. are limited partnerships formed under the laws of the Cayman Islands. Hillhouse Capital Advisors, Ltd. ("**Hillhouse Capital**") serves as the sole investment manager of Gaoling Fund, L.P. and the general partner of YHG Investment, L.P..

Founded in 2005, Hillhouse Capital is a global firm of investment professionals and operating executives who are focused on building and investing in high quality business franchises that achieve sustainable growth. Independent proprietary research and industry expertise, in conjunction with world-class operating and management capabilities, are key to Hillhouse Capital's investment approach. Hillhouse Capital partners with exceptional entrepreneurs and management teams to create value, often with a focus on enacting innovation and technological transformation. Hillhouse Capital invests in the healthcare, consumer, TMT, advanced manufacturing, financial and business services sectors in companies across all equity stages. Hillhouse Capital and its group members manage assets on behalf of institutional clients such as university endowments, foundations, sovereign wealth funds, and family offices.

Hudson Bay Capital

HBC Asia Healthcare Opportunities IV LLC is a company incorporated in Delaware and is managed by Hudson Bay Capital Management LP. Hudson Bay Capital ("**HBC**") is a multi-billion-dollar asset management firm operating in New York and London. With over 80 employees, HBC has been managing assets on behalf of outside investors since 2006. The firm invests across multiple strategies by utilizing rigorous fundamental analysis, and seeks to identify value and growth opportunities that are uncorrelated to each other and market indices. HBC promotes an integrated team culture emphasizing collaboration and cross-pollination of ideas across sectors and strategies. HBC's dedicated investment team seeks to achieve outstanding performance by investing in companies that are poised for growth or are undervalued while maintaining a focus on risk management.

Octagon Investments

Octagon Investments Master Fund LP ("**Octagon Investments**") is an exempted limited partnership formed under the laws of the Cayman Islands and operating as a private investment fund. Octagon Capital Advisors LP ("**Octagon Capital**"), a Delaware limited partnership and registered investment advisor with the U.S. SEC, serves as the investment manager to Octagon Investments. Founded in 2019, Octagon Capital is a multi-stage investment manager dedicated to evidence-based investing in public and private healthcare companies. Octagon Capital strives to build concentrated, long-term investments and work with our portfolio management teams as partners. Octagon Capital manages capital on behalf of global institutions such as university endowments, non-profit foundations, family offices, pension funds and established asset managers.

Anlan Fund

Anlan Private Equity Fund, SPC (the "**Anlan Fund**") is a segregated portfolio company incorporated in the Cayman Islands in August 2018. Since its incorporation, Anlan Fund is dedicated to a wide range of alternative investments including private equity, secondary market, fixed income, real estate and fund of funds. In private equity and secondary market, Anlan Fund mainly focuses on life sciences and healthcare, TMT, consumer and property management. Anlan Fund has discretionary investment management power over the funds it manages and its ultimate beneficial owner is an Independent Third Party.

Legend Capital

LC HEALTHCARE FUND I, L.P. is a Cayman Islands Exempted Limited Partnership Funds managed by Legend Capital and its affiliates. Founded in April 2001, Legend Capital is a leading growth equity investor with offices in Beijing, Shanghai, Shenzhen, Hong Kong, focusing on high-quality growth opportunities in China, such as TMT, consumer and healthcare sectors. Legend Capital manages a total size of USD and RMB funds over US$8 billion, and has invested 500+ invested companies, of which more than 80 companies went public and about more than 60 companies were exited through M&A. The portfolio companies of LC HEALTHCARE FUND I, L.P. in the healthcare sector include Innovent Biologics, Inc. (HKEX: 1801), WuXi AppTec Co., Ltd. (HKEX: 2359). The shareholder of Legend Capital, Legend Holdings Corporation, is listed on the Stock Exchange (HKEX: 3396).

OrbiMed Funds

Investors on behalf of OrbiMed include OrbiMed Partners Master Fund Limited ("**OPM**"), The Biotech Growth Trust PLC ("**BIOG**"), OrbiMed Genesis Master Fund, L.P. ("**Genesis**"), and OrbiMed New Horizons Master Fund, L.P. ("**ONH**" and, collectively, the "**OrbiMed Funds**"). OrbiMed Capital LLC is the investment advisor for OPM and the portfolio manager of BIOG. OPM is an exempted company limited by shares incorporated under the laws of Bermuda. BIOG is a trust organized under the laws of England and publicly listed on the London Stock Exchange (LON: BIOG). Genesis and ONH are each exempted limited partnerships incorporated under the laws of the Cayman Islands with OrbiMed Advisors LLC acting as the investment manager. OrbiMed Capital LLC and OrbiMed Advisors LLC exercise voting and investment power through a management committee comprised of Carl L. Gordon, Sven H. Borho, and Jonathan T. Silverstein.

3W

3W Fund Management Limited ("**3W**") is incorporated in Hong Kong with limited liability and licensed by the SFC to carry out type 9 (asset management) regulated activity. 3W is ultimately owned by an individual who is an Independent Third Party. 3W has agreed to procure certain investors, namely 3W Greater China Focus Fund and 3W Global Fund, that 3W has discretionary investment management power over, to subscribe for the Offer Shares. 3W Greater China Focus Fund and 3W Global Fund pursue to maximize absolute return and seek long-term capital growth primarily through fundamental investment principle with value approach.

CLOSING CONDITIONS

The subscription obligation of each Cornerstone Investor under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(a) the underwriting agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the aforesaid underwriting agreements having been terminated;

(b) the Offer Price having been agreed upon between our Company and the Joint Global Coordinators (on behalf of the underwriters of the Global Offering);

(c) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Shares (including the Shares subscribed for by the Cornerstone Investors) as well as other applicable waivers and approvals, and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(d) no Laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the respective Cornerstone Investment Agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(e) the representations, warranties, undertakings and confirmations of such Cornerstone Investor or our Company (as the case may be) under the respective Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no material breach of such Cornerstone Investment Agreement on the part of such Cornerstone Investor or our Company (as the case may be).

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the "**Lock-up Period**"), dispose of any of the Offer Shares they have purchased pursuant to the relevant Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of our authorised share capital and the amount in issue and to be issued as fully paid or credited as fully paid immediately prior to and following completion of the Global Offering:

	Number of shares	Aggregate nominal value *(US$)*
Authorised share capital as of the date of this document	**500,000,000**	**500,000**
Ordinary shares of par value of US$0.001 each	5,647,481	5,647
Series A1 Preferred Shares of US$0.001 each	3,330,000	3,330
Series A2 Preferred Shares of US$0.001 each	232,200	232
Series A3 Preferred Shares of US$0.001 each	697,604	698
Series B Preferred Shares of US$0.001 each	2,045,468	2,045
Series B2 Preferred Shares of US$0.001 each	1,714,834	1,715
Series C Preferred Shares of US$0.001 each	2,074,167	2,074
Shares in issue before the Share Subdivision	**15,741,754**	**15,742**
Shares in issue immediately prior to the Global Offering (adjusted for the Share Subdivision)	**629,670,160**	**15,742**
Shares to be issued under the Global Offering	138,221,000	3,456
Shares in issue immediately following the Global Offering (assuming the Over-allotment Option is not exercised)	**767,891,160**	**19,197**
Additional Shares that may be issued pursuant to the Over-allotment Option	20,733,000	518
Shares in issue immediately following the Global Offering (assuming the Over-allotment Option is exercised in full)	**788,624,160**	**19,716**

Assumptions

The above table (i) assumes that the Global Offering becomes unconditional and Shares are issued pursuant to the Global Offering, (ii) does not take into account any Shares that may be issued or cancelled or any other potential change to the share capital as described in "– Potential changes to share capital" below, (iii) assumes no Shares are issued pursuant to the Share Schemes.

Ranking

The Shares are ordinary shares in our share capital and rank equally with all Shares currently in issue and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this document.

POTENTIAL CHANGES TO SHARE CAPITAL

Circumstances under which general meeting and class meeting are required

Our Company may, from time to time, by ordinary resolution: (i) increase our share capital by creation of new shares; (ii) consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares; (iii) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of our share capital by the amount of the shares so cancelled subject to the provisions of the Cayman Companies Law; and (iv) sub-divide our shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association.

See "Summary of the constitution of the Company and Cayman Islands company law – Articles of Association – Shares – Alteration of capital" in Appendix III for further details.

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Cayman Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

See "Summary of the constitution of the Company and Cayman Islands company law – Articles of Association – Shares – Variation of rights of existing shares or classes of shares" in Appendix III for further details.

General mandate to issue Shares

Subject to the Global Offering becoming unconditional, our Directors were granted a general mandate to allot, issue and deal with any Shares or securities convertible into Shares of not more than the sum of:

- 20% of the total number of Shares in issue immediately following completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and assuming no Shares are issued pursuant to the Share Schemes); and

- the total number of Shares repurchased by our Company pursuant to the authority referred to in "– General mandate to repurchase Shares" below.

This general mandate to issue Shares will remain in effect until the earliest of:

- the conclusion of the next annual general meeting of our Company unless, by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to condition;

- the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws of the Cayman Islands or the memorandum and the articles of association of our Company; and

- the passing of an ordinary resolution by our Shareholders in a general meeting revoking or varying the authority.

General mandate to repurchase Shares

Subject to the Global Offering becoming unconditional, our Directors were granted a general mandate to repurchase our own Shares up to 10% of the total number of Shares in issue immediately following completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and assuming no Shares are issued pursuant to the Share Schemes).

This mandate only relates to repurchases on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, and in accordance with all applicable laws and the requirements under the Listing Rules or equivalent rules or regulations of any other stock exchange as amended from time to time.

This general mandate to repurchase Shares will remain in effect until the earliest of:

- the conclusion of the next annual general meeting of our Company unless, by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to condition;

- the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws of the Cayman Islands or the memorandum and the articles of association of our Company; and

- the passing of an ordinary resolution by our Shareholders in a general meeting revoking or varying the authority.

See "Statutory and general information – Further information about our group – 5. Explanatory statement on repurchase of our own securities" in Appendix IV for further details of this general mandate to repurchase Shares.

Share schemes

We adopted the Pre-IPO Equity Plan and the Post-IPO Share Schemes. See "Statutory and general information – Share schemes" in Appendix IV for further details.

You should read the following discussion and analysis in conjunction with our consolidated financial information as of and for the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020 included in the Accountants' Report set out in Appendix I to this document, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. We discuss factors that we believe could cause or contribute to these differences below and elsewhere in this document, including those set forth under the sections headed "Risk factors" and under "Forward-Looking statements" in this document.

OVERVIEW

We are a clinical-stage biopharmaceutical company engaged in the discovery and development of differentiated antibody therapeutics in immunology and oncology disease areas.

Our Harbour antibody platforms constitute what we believe to be a comprehensive technology solution available for discovering the next generation of fully human antibody therapeutics. Our Harbour antibody platforms are equipped with a suite of technologies that optimize or augment the therapeutic activity of antibodies, including important technology expansions for developing "heavy chain only" antibodies (HCAb), which is our HCAb Platform, and for developing differentiated HCAb-based bispecific immune cell engagers potentially capable of delivering tumor-killing effects unachievable by combination therapies, which is our HBICE™ Platform. We are committed to investing in our platforms, generating new therapeutics and developing them into products that address significant unmet medical needs. Our Harbour antibody platforms have been highly validated by over 45 industry and academic partners with six projects having entered clinical stage as of 30 June 2020. Built upon our strong track record of collaborations, we believe our Harbour antibody platforms will provide revenue creation potential and broaden the scope of our development efforts. We own global rights to use and develop our Harbour antibody platforms, enabling us to maximize the value of our platforms to address global unmet medical needs.

We are developing a diversified and balanced pipeline of potentially differentiated cutting-edge immunology and immuno-oncology therapies, both internally and through collaborations with global pharmaceutical and academic partners. For more information on our Harbour antibody platforms and drug candidates, see "Business".

We currently have no products approved for commercial sale and have not generated any revenue from product sales. We were not profitable and incurred operating losses during the Track Record Period. Our operating loss was US$34.6 million, US$67.5 million and US$48.4 million for the years ended 31 December 2018 and 2019 and for the six months ended 30 June 2020, respectively. Our operating losses primarily resulted from research and development costs, loss on fair value change of convertible redeemable preferred shares, and administrative expenses.

We expect to incur significant expenses and operating losses for at least the next several years as we further our pre-clinical research and development efforts, continue the clinical development of, and seek regulatory approval for, our drug candidates, launch commercialization of our pipeline products, and add personnel necessary to develop and operate our technology platform. Subsequent to the Listing we expect to incur costs associated with operating as a public company. We expect that our financial performance will fluctuate from period to period due to the status of the development of our drug candidates, regulatory approval timeline and commercialization of our drug candidates.

BASIS OF PRESENTATION

We were incorporated as an exempted company with limited liability in the Cayman Islands on 20 July 2016. Our Company, as the holding company of our business, indirectly owns subsidiaries in China, the United States and the Netherlands that are principally engaged in research and development of biopharmaceutical technologies and products. See "History, Development and Corporate Structure" for more details.

Notwithstanding that we recorded net liabilities of US$201.6 million as of 30 June 2020 and incurred recurring losses from operations, our financial information has been prepared on a going concern basis as the convertible redeemable preferred shares are not redeemable within the next 12 months from 30 June 2020. We raised an aggregate amount of US$102.8 million through the issuance of series C convertible redeemable preferred shares in June and July 2020. We may seek to obtain financing through equity and debt issuances to finance our financial liabilities and research and development activities and operations.

Our consolidated financial information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRSs effective for the accounting period commencing from 1 January 2020, together with the relevant transitional provisions, have been early adopted by our Company in the preparation of the consolidated financial information throughout the Track Record Period.

Our consolidated financial information has been prepared under the historical cost convention, except for other financial assets and convertible redeemable preferred shares which have been measured at fair value.

We have performed an internal assessment of the adoption of IFRS 9 *Financial instruments* ("IFRS 9"), IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") and IFRS 16 *Leases* ("IFRS 16") compared with IAS 39 *Financial instruments: Recognition and measurement* ("IAS 39"), IAS 18 *Revenue* ("IAS 18") and IAS 17 *Leases* ("IAS 17"). The major impacts applicable to us are set out as follows:

IFRS 9

IFRS 9 replaces IAS 39 and introduces new requirements for classification and measurement and impairment. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and our Group's business model for managing them.

The adoption of IFRS 9 has fundamentally changed our accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. IFRS 9 requires us to record an allowance for ECLs for all financial assets measured at amortized cost.

Taking into account the impact disclosed above, we consider that the adoption of IFRS 9 does not have significant impact on our financial position and performance.

IFRS 15

Revenue recognition. Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. Depending on the terms of the contract, control of the goods or services may transfer over time or at a point in time. If control of the goods or services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods or services.

Presentation of contract liabilities in the consolidated statement of financial position. Under IFRS 15, we recognize consideration received for which we have not yet satisfied the related performance obligations as contract liabilities. By applying IFRS 15, as of 31 December 2018 and 2019 and 30 June 2020, we recognized contract liabilities amounting to US$1.0 million, US$4.4 million and US$1.8 million, respectively.

Taking into account the impact disclosed above, we consider that the adoption of IFRS 15 does not have significant impact on our financial position and performance.

IFRS 16

Under IFRS 16, at the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Our Group applies the available practical expedients wherein it applies the short-term lease exemption to leases with a lease term that ends within 12 months at the lease commencement date.

By applying IFRS 16, there are increases in both total assets and liabilities of the Group when comparing to that under IAS 17, and other than this, there is no significant impact on our financial position and performance. As of 31 December 2018 and 2019 and 30 June 2020, we recognized right-of-use assets of US$3.3 million, US$1.8 million and US$1.7 million, respectively, and recognized lease liabilities of US$3.1 million, US$1.9 million and US$2.0 million, respectively. Due to the increase of the current portion of the lease liabilities, there are decreases in current ratio and quick ratio when comparing to that under IAS 17, and other than this, there is no significant impact on other financial ratios. Current ratio equals current assets divided by current liabilities as of the end of each year/period. Quick ratio of our Group as of the end of each year/period of the Track Record Period equals to current ratio as our Group did not have inventories during the Track Record Period. Gearing ratio equals to total debit divided by total equity and was not meaningful to our Group due to the deficiency in total equity as of the end of each year/period of the Track Record Period.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations, financial condition and the year-to-year comparability of our financial results are principally affected by the following factors:

Our Ability to Commercialize Our Drug Candidates

Our business and results of operations depend on our ability to commercialize our drug candidates, once and if those candidates are approved for marketing by the respective health authority. Currently, our pipeline consists of more than ten drug candidates ranging in development status from pre-clinical to late-stage clinical programs. Although we currently do

not have any product approved for commercial sale and have not generated any revenue from product sales, we expect to generate revenue from sales of a drug candidate after we complete the clinical development, obtain regulatory approval, and successfully commercialize such drug candidate. Our late-stage investigational drugs at or potentially near pivotal trials are tanfanercept and batoclimab. See "Business – Our Drug Candidates" for more information on the development status of our various drug candidates.

Our Ability to Monetize Our Harbour Antibody Platforms

Our Harbour antibody platforms – HCAb Platform, HBICE™ Platform and H2L2 Platform – constitute what we believe to be a comprehensive technology solution available in China for discovering the next generation of fully human antibody therapeutics. We have monetized our Harbour antibody platforms through different types of arrangements, including out-licensing, co-discovery and other collaboration arrangements with third parties. See "Business – Licensing and Collaboration Agreements – Licensing and Collaboration Agreements Relating to Our Harbour Antibody Platforms" for a detailed description of each monetization model. Our results of operations have been, and we expect them to continue to be, affected by these arrangements.

In 2018 and 2019 and for the six months ended 30 June 2020, our results of operations were significantly affected by our licensing and collaboration agreements with Hualan and Teruisi. Under our agreements with Hualan, we collaborate with Hualan on programs to co-develop our proprietary antibodies generated on our platforms. Under our agreements with Teruisi, we agree to out-license to Teruisi three antibody intermediates developed by us through our platforms for Teruisi's research and development. See "Business – Licensing and Collaboration Agreements" for more information under our collaboration arrangements with Hualan and Teruisi. Before the commercialization of one or more of our drug candidates, we expect that the majority of our revenue will continue to be generated from monetizing our Harbour antibody platforms.

Operating Expenses

Our results of operations are significantly affected by our operating expenses, which primarily consists of research and development costs and administrative expenses.

Research and development activities are central to our business model. We believe our ability to successfully develop drug candidates and our technology platform will be the primary factor affecting our long-term competitiveness, as well as our future growth and development. Developing high-quality drug candidates requires a significant investment of resources over a prolonged period of time, and a core part of our strategy is to continue making sustained investments in this area. Since our inception, we have focused our resources on our research and development activities, including conducting pre-clinical studies and clinical trials, and activities related to regulatory filings for our drug candidates. Our research and development costs primarily consist of (i) payroll and other related expenses of research and development personnel; (ii) fees associated with the exclusive development rights in designated regions of

our in-licensed drug candidates; (iii) fees for services provided by contract research organizations, investigators and clinical trial sites that conduct our clinical studies; and (iv) other expenses relating to the discovery and development of our drug candidates, including raw materials and supplies, product testing, depreciation, and facility related expenses. In the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, we incurred research and development costs of US$31.6 million, US$49.5 million and US$15.2 million, respectively. We expect our research and development costs to continue to increase for the foreseeable future as we expand our operations and our development programs progress.

Our administrative expenses primarily consist of salaries and related benefit costs for employees engaged in managerial and administrative positions or involved in general corporate functions, professional expenses, depreciation and amortization, listing expenses, and other expenses incurred by our management and administrative departments. We expect our administrative expenses to increase in the future to support our portfolio and research and development efforts, and the commercialization of our product candidates once approval is obtained. We also anticipate that our administrative expenses will increase as we operate as a public company following completion of this offering.

For the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, we did not incur any sales and marketing costs. We are in the process of formulating our sales and marketing plan in anticipation of potential product launches within the next three years. We intend to commercialize our drug products through a combination of our internal sales and marketing team and third-party marketing and distribution partnerships.

Funding for Our Operations

During the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, we funded our operations primarily through equity financing. Going forward, with the continuing expansion of our business and our product pipeline, we may require further funding from our existing shareholders, through public or private offerings, debt financing, collaborations, and licensing arrangements or other sources. In the event of successful commercialization of one or more of our product candidates, we expect to fund our operations in part with revenue generated from sales of our products while continuing to fund our operations with revenue generated from our Harbour antibody platforms. Any fluctuation in our ability to fund our operations will impact our cash flow plan and our results of operations.

Fair Value Change of Convertible Redeemable Preferred Shares

We raised private equity financings through the issuance of convertible redeemable preferred shares. We measure convertible redeemable preferred shares at fair value through profit or loss. The fair value of convertible redeemable preferred shares is established by using valuation techniques. See note 3 to the Accountants' Report as set out in Appendix I for a detailed information of significant accounting policies regarding fair value measurement of our convertible redeemable preferred shares. Although our convertible redeemable preferred shares will be automatically converted to ordinary shares upon the closing of the Global Offering, to

the extent we need to reevaluate the convertible redeemable preferred shares prior to the closing of the Global Offering, any change in fair value of convertible redeemable preferred shares, which will result in non-cash gains or losses, could materially affect our financial positions and results of operation.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The discussion and analysis of our financial position and results of operations is based on our consolidated financial statements, which have been prepared in accordance with IFRSs. The preparation of our consolidated financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenues, costs and expenses. We evaluate our estimates and judgments on an ongoing basis, and our actual results may differ from these estimates. We base our estimates on historical experience, known trends and events, contractual milestones and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

We consider an accounting policy critical if it: (i) requires management to make judgments and estimates about matters that are inherently uncertain; and (ii) is important to the understanding of our financial condition and operating results. We believe the following accounting policies are most critical to our business operations and to an understanding of our financial condition and results of operations, and reflect the more significant judgments and estimates used in the preparation of our consolidated financial statements. Our most critical accounting policies and estimates are summarized below. See note 3 and note 4 to the Accountants' Report set out in Appendix I for a description of our significant accounting policies, judgments and estimates.

Significant Accounting Policies

Revenue Recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between us and the customer at contract inception. When the contract contains a financing component which provides us with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

We recognize revenue from the following major sources:

(a) Technology license fee

We provide licenses of our patented technologies to customers so that customers can use our Harbour antibody platforms for the purpose of generating antibodies and commercialization of antibodies and antibody products in identified fields. The consideration for the license comprises upfront fees, annual fees, and variable elements (including but not limited to per-mouse fees, development milestone payments and sales-based royalties). The upfront fees and annual fees are recognized as revenue throughout the license period when customers obtain rights to access our patented technologies. Per-mouse fees and development milestone payments are included in the transaction price and recognized as revenue throughout the license period when it is highly probable that there will not be a subsequent reversal of a significant amount of revenue. Sales-based royalties are not included in the transaction price until customers make the sales. Upfront fees received by us are initially recognized as a contract liability.

(b) Molecule license fee

We provide licenses of our developed molecules for further development and commercialization in identified fields to a customer and revenue is recognized when the customer obtains rights to use the underlying molecules.

(c) Platform-based research fee

We earn revenues by providing research services based on our patented technologies to a customer. Upfront payments received by us are initially recognized as a contract liability. Service revenue is recognized at a point in time when the agreed research results are delivered to and accepted by the customer.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Other income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Research and Development Costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, our intention to complete and our ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Contract liabilities

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before we transfer the related goods or services. Contract liabilities are recognized as revenue when we perform under the contract (*i.e.*, transfers control of the related goods or services to the customer).

Fair Value Measurement

We measure other financial assets and convertible redeemable preferred shares at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market

for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by us. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in our consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly; and

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in our consolidated financial statements on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Our financial liabilities at fair value through profit or loss categorised within level 3 of fair value measurement were convertible redeemable preferred shares.

In respect of the assessment of fair value of the convertible redeemable preferred shares, with reference to the guidance under the "Guidance Note on Directors' Duties in the Context of Valuations in Corporate Transactions" issued by the SFC in May 2017 applicable to directors of companies listed on the Stock Exchange, the Directors have undertaken the following key actions: (i) considering available information in assessing the financial forecast and assumptions including but not limited to the historical financial performance, market prospects, comparable companies' conditions, economic, political and industry conditions; (ii) engaging an independent external valuer to assist our management to assess the fair value; (iii) considering the independence, reputation, capabilities and objectivity of the external valuer to ensure the suitability of such valuer; (iv) reviewing and discussing with our management and

the external valuer on the valuation models and approaches; and (v) reviewing the valuation work papers and results prepared by the valuer. Valuation techniques are verified by the independent and recognized international business valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. In respect of the valuation of our convertible redeemable preferred shares, details and the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements are set forth in note 25 to the Accountants' Report set out in Appendix I to this document.

The Reporting Accountants have performed relevant procedures in accordance with Hong Kong Standard on Auditing ("HKSA") 540 (Revised) "Auditing Accounting Estimates and Related Disclosures" and Hong Kong Auditing Practice Guidance 1000 "Special Considerations in Auditing Financial Instruments" to assess the valuation of the convertible redeemable preferred shares.

The Joint Sponsors have taken due diligence steps including but not limited to (i) review of relevant notes in the Accountants' Report as contained in Appendix I; (ii) conducting financial due diligence with the Company and the Reporting Accountants to understand their bases of the relevant valuation; (iii) conducting an interview with the external valuer in relation to the methodology, key bases and assumptions adopted; and (iv) assessing the independence, credentials and qualifications of the external valuer. Nothing has come to the Joint Sponsors' attention that would cause the Joint Sponsors to question the valuation analysis and results performed by the Directors.

Significant Accounting Judgments and Estimates

The preparation of our consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement

In the process of applying our accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in our consolidated financial statements:

Revenue from contracts with customers

When determining whether a license granted to a customer provides the customer with rights to use, or access, our intellectual property, the following criteria are considered: (i) the contract requires, or the customer reasonably expects, that we will undertake activities that significantly affect the intellectual property to which the customer has rights; (ii) the rights granted by the license directly expose the customer to any positive or negative effects of our

activities identified in (i); and (iii) those activities do not result in the transfer of a good or a service to the customer as those activities occur. When all criteria are met, the license grants the customer with rights to access our intellectual property. Management judgements are required based on the terms of the contracts and the nature of the intellectual property to consider whether continuous activities, that do not transfer good or service, will be undertaken by us to significantly affect the intellectual property.

We also make judgement to determine the method used in estimating the variable consideration and whether the amount of variable consideration is constrained. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. We determined that the most likely amount method is the appropriate method to use in estimating the variable consideration, since reaching requirements of a milestone or other variable consideration is an either-or situation. If a milestone or other variable consideration relates specifically to our efforts to satisfy a single performance obligation or to a specific outcome from satisfying the performance obligation, we generally allocate that milestone amount entirely to that performance obligation once it is probable that a significant revenue reversal would not occur.

Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of Non-Financial Assets (Other Than Goodwill)

We assess whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit using key assumptions such as the growth rate, the gross margin and choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair Value of Convertible Redeemable Preferred Shares Measured at Fair Value Through Profit or Loss

The convertible redeemable preferred shares we issued are not traded in an active market and the respective fair value is determined by using valuation techniques, including back-solve method and equity allocation model. Valuation techniques are verified by an independent and recognized international business valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Key assumptions include the risk-free interest rate, discounts for lack of marketability ("DLOM") and volatility. The fair values of convertible redeemable preferred shares at 31 December 2018 and 2019 and 30 June 2020 were US$155,872,000, US$202,259,000 and US$311,421,000, respectively. See note 3 to the Accountants' Report as set out in Appendix I for a detailed information of significant accounting policies regarding fair value measurement of our convertible redeemable preferred shares.

DISCUSSION OF SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table summarizes our consolidated statements of profit or loss for the periods indicated, derived from our consolidated statements of profit or loss set out in the Accountants' Report included in Appendix I to this document.

(US$ in thousands)	Year Ended 31 December		Six Months Ended 30 June	
	2018	**2019**	**2019**	**2020**
REVENUE	1,483	5,419	556	6,070
Cost of sales	(647)	(623)	(291)	(287)
Gross profit	836	4,796	265	5,783
Other income and gains	528	1,581	354	349
Administrative expenses	(6,496)	(10,587)	(5,315)	(5,306)
Research and development costs	(31,630)	(49,477)	(28,040)	(15,198)
Gain/(loss) on fair value change of convertible redeemable preferred shares	2,853	(13,387)	(4,738)	(33,162)
Other expenses	(198)	(301)	(36)	(667)
Finance costs	(532)	(213)	(68)	(235)
LOSS BEFORE TAX	(34,639)	(67,588)	(37,578)	(48,436)
Income tax credit	56	92	38	54
LOSS FOR THE YEAR/PERIOD	(34,583)	(67,496)	(37,540)	(48,382)
Attributable to:				
Owners of the parent	(34,583)	(67,460)	(37,517)	(48,305)
Non-controlling interests	–	(36)	(23)	(77)

Revenue

During the Track Record Period, all of our revenues were generated from licensing and collaboration arrangements with third parties, including (i) the technology license fees we charged in connection with their using our transgenic mice technologies on our Harbour antibody platforms; (ii) the molecule license fees we charged in connection with out-licensing the molecules generated on our Harbour antibody platforms; and (iii) the platform-based research fees we charged in connection with providing related services based on our Harbour antibody platforms. See note 3 to the Accountants' Report as set out in Appendix I for a detailed information of significant accounting policies regarding our revenue recognition.

The table below summarizes the components of our revenue for the periods indicated.

(US$ in thousands)	Year Ended 31 December				Six Months Ended 30 June			
	2018	**%**	**2019**	**%**	**2019**	**%**	**2020**	**%**
Technology license fee	1,483	100.0	1,232	22.7	556	100.0	711	11.7
Molecule license fee	–	–	2,737	50.5	–	–	5,359	88.3
Platform-based research fee	–	–	1,450	26.8	–	–	–	–
Total revenue	1,483	100.0	5,419	100.0	556	100.0	6,070	100.0

Cost of Sales

Our cost of sales primarily consists of mice feeding costs, transportation costs and amortization of intangible assets. Mice feeding costs include various costs incurred during the production of transgenic mice. Transportation costs primarily include costs incurred in mice shipping. Amortization of intangible assets mainly relates to amortization of backlog identified during the acquisition of Harbour Antibodies B.V. in 2016, in relation to the then existing out-licensing agreements, on a straight-line basis with a useful life of four years.

The table below summarizes the components of our cost of sales for the periods indicated.

(US$ in thousands)	Year Ended 31 December				Six Months Ended 30 June			
	2018	**%**	**2019**	**%**	**2019**	**%**	**2020**	**%**
Mice feeding costs	200	30.9	178	28.6	74	25.4	69	24.0
Transportation costs	15	2.3	13	2.1	1	0.4	2	0.7
Amortization of intangible assets	432	66.8	432	69.3	216	74.2	216	75.3
Total cost of sales	647	100.0	623	100.0	291	100.0	287	100.0

Other Income and Gains

Other income and gains primarily consists of government grants recognized and interest income.

Government grants consist of (i) incentive and other subsidies for supporting our subsidiaries' research and development activities, and (ii) awards for the research and development activities of new drugs. There are no unfulfilled conditions related to these government grants. Interest income primarily consists of bank interest income from our deposits.

The following table summarizes a breakdown of our other income and gains for the periods indicated.

(US$ in thousands)	Year Ended 31 December		Six Months Ended 30 June	
	2018	**2019**	**2019**	**2020**
Government grants recognized	151	903	100	48
Interest income	366	662	246	298
Others	11	16	8	3
Total other income and gains	528	1,581	354	349

Administrative Expenses

Our administrative expenses primarily consist of salaries and welfare for employees engaged in managerial and administrative positions or involved in general corporate functions, professional expenses, depreciation and amortization, listing expenses, and other expenses incurred by our management and administrative departments.

The following table summarizes our administrative expenses for the years ended 31 December 2018 and 2019 and for the six months ended 30 June 2019 and 2020.

(US$ in thousands)	Years Ended 31 December		Six Months Ended 30 June	
	2018	**2019**	**2019**	**2020**
Employee cost	2,925	5,255	2,647	2,593
Professional expenses	1,764	2,908	1,543	1,201
Depreciation and amortization	158	954	379	597
Listing expenses	–	–	–	590
Others	1,649	1,470	746	325
Total administrative expenses	6,496	10,587	5,315	5,306

Research and Development Costs

Research and development costs primarily consist of: (i) upfront and milestone fees associated with the exclusive development rights in designated regions of our in-licensed drug candidates; (ii) employee costs, including salaries, benefits, allowances and bonus for research and development personnel; (iii) costs of purchase of materials used in research and development of our drug candidates, mainly including reagents and consumables; (iv) third-party contracting costs related to discovery and pre-clinical development; (v) costs of clinical trials for our drug candidates, including outsourcing expenses paid to third parties; (vi) depreciation and amortization of property, plant and equipment, and right-of-use assets used for research and development; and (vii) other related expenses, such as application fees for certain patent rights, general research and development expenses, and disposal fees for waste liquid.

The following table summarizes the components of our research and development costs for the periods indicated.

(US$ in thousands)	Year Ended 31 December		Six Months Ended 30 June	
	2018	2019	2019	2020
Upfront and milestone fees	12,000	5,000	3,000	1,000
Employee costs	7,422	13,107	6,463	5,366
Materials	2,722	4,842	2,208	1,653
Third-party contracting costs related to discovery and pre-clinical development	3,829	6,224	3,830	1,929
Clinical trial expenses[(1)]	3,554	15,382	10,505	2,323
Depreciation and amortization	985	3,170	1,290	2,129
Others	1,118	1,752	744	798
Total research and development costs	31,630	49,477	28,040	15,198

(1) All of the clinical trial expenses incurred during the Track Record Period were attributable to third-party expenses (primarily CRO expenses).

Gain/(Loss) on Fair Value Change of Convertible Redeemable Preferred Shares

Fair value changes of convertible redeemable preferred shares represent changes in fair value of the convertible redeemable preferred shares issued by us. We designated the entire instrument of the convertible redeemable preferred shares as financial liabilities at fair value through profit or loss. Subsequent to initial recognition, the fair value change of convertible redeemable preferred shares is recognized in profit or loss except for the portion attributable to credit risk change which will be recognized to other comprehensive income, if any. The

convertible redeemable preferred shares will be converted into the Shares upon the Listing, after which we do not expect to recognize any further loss or gain on fair value changes from the convertible redeemable preferred shares.

Other Expenses

Other expenses consist of foreign exchange loss, charitable donations in connection with the COVID-19 outbreak and the provision on an amount due from a shareholder in relation to the subscription of our Series A2 Preferred Shares.

The table below sets forth a breakdown of our other expenses for the years ended 31 December 2018 and 2019 and for the six months ended 30 June 2019 and 2020.

(US$ in thousands)	Year Ended 31 December		Six Months Ended 30 June	
	2018	**2019**	**2019**	**2020**
Foreign exchange loss	198	151	36	525
Charitable donations	–	–	–	142
Others	–	150	–	–
Total other expenses	198	301	36	667

Finance Costs

Finance costs include transaction costs for the issuance of our convertible redeemable preferred shares and interest expenses on lease liabilities.

The table below sets forth a breakdown of our finance costs for the years ended 31 December 2018 and 2019 and for the six months ended 30 June 2019 and 2020.

(US$ in thousands)	Year Ended 31 December		Six Months Ended 30 June	
	2018	**2019**	**2019**	**2020**
Transaction costs for the issuance of convertible redeemable preferred shares	487	71	–	180
Interest on lease liabilities	45	142	68	55
Total finance costs	532	213	68	235

Income Tax

We are subject to income tax on an entity basis on profits arising in or derived from the countries or jurisdictions in which members of our company are domiciled and operate.

Cayman Islands

Pursuant to the rules and regulations of the Cayman Islands, we are not subject to any income tax in the Cayman Islands.

British Virgin Islands

Pursuant to the rules and regulations of the British Virgin Islands ("BVI"), we are not subject to any income tax in BVI.

Hong Kong

No provision for Hong Kong profits tax has been made as we had no assessable profits derived from or earned in Hong Kong during the Track Record Period. Our subsidiary operated in Hong Kong is subject to profits tax at a rate of 8.25% applying to the first HK$2,000,000 of assessable profits, the remaining assessable profits is subject to profits tax at a rate of 16.5%.

Mainland China

Pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations, our subsidiaries which operate in Mainland China are subject to corporate income tax ("CIT") at a rate of 25% on the taxable income. No provision for Mainland China CIT has been made as we had no assessable profits derived from or earned in Mainland China during the Track Record Period. In addition, Harbour BioMed (Shanghai) Co., Ltd. has received the approval-in-principle for the "High and New Technology Enterprise", or the HNTE, and Harbour BioMed (Suzhou) Co., Ltd. is planning to apply for the HNTE. Once recognized as the HNTE, Harbour BioMed (Shanghai) Co., Ltd. and Harbour BioMed (Suzhou) Co., Ltd. will be entitled to a preferential CIT rate of 15% for a three-year period. An entity may re-apply for the HNTE certificate when the prior certificate expires and continue enjoying such preferential CIT rate upon the approval of re-application.

Netherlands

No provision for Netherlands profits tax has been made as we had no assessable profits derived from or earned in Netherlands during the Track Record Period. For the year ended 31 December 2018, a tax rate of 20% applies to the first EUR200,000 of taxable income, the excess amount is subject to corporate income tax at a rate of 25%. For the year ended 31 December 2019, a tax rate of 19% applies to the first EUR200,000 of taxable income, the

excess amount is subject to corporate income tax at a rate of 25%. For the six months ended 30 June 2020, a tax rate of 16.5% applies to the first EUR200,000 of taxable income, the excess amount is subject to corporate income tax at a rate of 25%.

United States

No provision for the United States corporate income tax has been made as we had no assessable profits derived from or earned in the United States during the Track Record Period. Our subsidiaries which operate in US are subject to federal income tax at a rate of 21% and the Massachusetts state income tax at a rate of 8% on the taxable income.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Comparison Between the Six Months Ended 30 June 2020 and the Six Months Ended 30 June 2019

Revenue

Our total revenue increased significantly from US$0.6 million for the six months ended 30 June 2019 to US$6.1 million for the six months ended 30 June 2020, primarily due to the increase in our molecule license fee. Our molecule license fee increased from zero for the six months ended 30 June 2019 to US$5.4 million for the six months ended 30 June 2020, primarily attributable to the molecule license fees we recorded pursuant to our licensing and collaboration agreements with Hualan. Our technology license fee remained stable at US$0.6 million and US$0.7 million for the six months ended 30 June 2019 and 2020, respectively. Our platform-based research fee was zero for each of the six months ended 30 June 2019 and 2020.

Cost of Sales

Our cost of sales remained stable at US$0.3 million for the six months ended 30 June 2019 and 2020, respectively.

Other Income and Gains

Our other income and gains remained stable at US$354 thousand and US$349 thousand for the six months ended 30 June 2019 and 30 June 2020, respectively.

Administrative Expenses

Our administrative expenses remained stable at US$5.3 million for the six months ended 30 June 2019 and 2020, respectively.

Research and Development Costs

Our research and development costs decreased by 45.8% from US$28.0 million for the six months ended 30 June 2019 to US$15.2 million for the six months ended 30 June 2020, primarily due to the delay in our clinical development activities caused by the COVID-19 outbreak. Such decrease in research and development costs primarily resulted from the following: (i) a decrease in clinical trial expenses from US$10.5 million for the six months ended 30 June 2019 to US$2.3 million for the six months ended 30 June 2020 due to delay in our clinical trials caused by the COVID-19 outbreak; (ii) a decrease in upfront and milestone fees from US$3.0 million for the six months ended 30 June 2019 to US$1.0 million for the six months ended 30 June 2020 pursuant to the payment schedules under relevant licensing agreements with our partners; (iii) a decrease in third-party contracting costs from US$3.8 million for the six months ended 30 June 2019 to US$1.9 million for the six months ended 30 June 2020 due to certain postpone in the clinical development of our drug candidates amid the COVID-19 outbreak; and (iv) a decrease in employee costs from US$6.5 million for the six months ended 30 June 2019 to US$5.4 million for the six months ended 30 June 2020, primarily due to regular headcount turnover of and delay in hiring our research and development personnel amid the COVID-19 outbreak.

Gain/(Loss) on Fair Value Change of Convertible Redeemable Preferred Share

We recorded a loss on fair value change of convertible redeemable preferred shares of US$4.7 million for the six months ended 30 June 2019 as a result of an increase in our Company's valuation.

We recorded a loss on fair value change of convertible redeemable preferred shares of US$33.2 million for the six months ended 30 June 2020. The change was primarily due to an increase in our Company's valuation.

Other Expenses

Other expenses increased from US$36 thousand for the six months ended 30 June 2019 to US$667 thousand for the six months ended 30 June 2020, which was attributable to (i) the increase in foreign currency exchange losses as a result of the appreciation of U.S. dollar against RMB in the first half of 2020; and (ii) the charitable donations we made in connection with the COVID-19 outbreak.

Finance Costs

Finance costs increased by 245.6% from US$68 thousand for the six months ended 30 June 2019 to US$235 thousand for the six months ended 30 June 2020, primarily attributable to an increase in transaction costs for the issuance of our convertible redeemable preferred shares.

Income Tax Credit

Income tax credit remained stable at US$38 thousand and US$54 thousand for the six months ended 30 June 2019 and 2020, respectively.

Comparison Between the Year Ended 31 December 2019 and the Year Ended 31 December 2018

Revenue

Our total revenue increased significantly from US$1.5 million for the year ended 31 December 2018 to US$5.4 million for the year ended 31 December 2019, primarily due to the increase in our molecule license fee and platform-based research fee. Our molecule license fee increased from zero for the year ended 31 December 2018 to US$2.7 million for the year ended 31 December 2019, primarily attributable to our license and collaboration agreement with Hualan in 2019. Our platform-based research fee increased from zero for the year ended 31 December 2018 to US$1.5 million for the year ended 31 December 2019, primarily attributable to the platform-based research we provided to Teruisi. Our technology license fee remained stable at US$1.5 million and US$1.2 million for the year ended 31 December 2018 and 2019, respectively.

Cost of Sales

Our cost of sales remained stable at approximately US$0.6 million for the years ended 31 December 2018 and 31 December 2019, respectively.

Other Income and Gains

Our other income and gains increased significantly from US$0.5 million for the year ended 31 December 2018 to US$1.6 million for the year ended 31 December 2019, primarily due to (i) an increase in the government grants recognized from US$0.2 million for the year ended 31 December 2018 to US$0.9 million for the year ended 31 December 2019; and (ii) an increase in the interest income from US$0.4 million for the year ended 31 December 2018 to US$0.7 million for the year ended 31 December 2019. The increase in the government grants recognized was primarily attributable to more research and development activities that are eligible for government subsidies.

Administrative Expenses

Our administrative expense increased by 63.0% from US$6.5 million for the year ended 31 December 2018 to US$10.6 million for the year ended 31 December 2019, primarily attributable to (i) an increase in employee cost from US$2.9 million for the year ended 31 December 2018 to US$5.3 million for the year ended 31 December 2019 due to headcount increase in expanded functions for our managerial and administrative personnel; and (ii) an

increase in professional fees from US$1.8 million for the year ended 31 December 2018 to US$2.9 million for the year ended 31 December 2019, primarily associated with intellectual property filing fees and relevant maintenance fees.

Research and Development Costs

Our research and development costs increased by 56.4% from US$31.6 million for the year ended 31 December 2018 to US$49.5 million for the year ended 31 December 2019, primarily attributable to the advancement of our pipeline drug candidates. Such increase in research and development costs primarily resulted from the following: (i) an increase in clinical trial expenses from US$3.6 million for the year ended 31 December 2018 to US$15.4 million for the year ended 31 December 2019 associated with the advancement of clinical trial for our drug candidates; (ii) an increase in employee costs from US$7.4 million for the year ended 31 December 2018 to US$13.1 million for the year ended 31 December 2019 due to headcount increase for our research and development personnel, which was in line with the expansion of our research and development operations; (iii) an increase in third-party contracting costs from US$3.8 million for the year ended 31 December 2018 to US$6.2 million for the year ended 31 December 2019 associated with the advancement of our drug candidates; (iv) an increase in depreciation and amortization from US$1.0 million for the year ended 31 December 2018 to US$3.2 million for the year ended 31 December 2019 associated with our laboratory equipments and site expansion; (v) an increase in costs of materials from US$2.7 million for the year ended 31 December 2018 to US$4.8 million for the year ended 31 December 2019 in line with the advancement of our drug candidates; and (vi) a decrease in upfront and milestone fees from US$12.0 million for the year ended 31 December 2018 to US$5.0 million for the year ended 31 December 2019 pursuant to the payment schedules under relevant licensing agreements with our partners.

Gain/(Loss) on Fair Value Change of Convertible Redeemable Preferred Shares

We recorded a gain on fair value change of convertible redeemable preferred shares of US$2.9 million for the year ended 31 December 2018. Although the fair value of the Company increased substantially after Series A3 and Series B financing, there was a decrease in the fair value allocated to Series A1 Preferred Shares, which offset the increase in fair value allocated to Series A3 and B Preferred Shares. The differences between the fair value movements of these Preferred Shares resulted in a gain on our income statement for the year of 2018.

We recorded a loss on fair value change of convertible redeemable preferred shares of US$13.4 million for the year ended 31 December 2019. The change was primarily due to an increase in our Company's valuation.

Other Expenses

Other expenses increased from US$198 thousand for the year ended 31 December 2018 to US$301 thousand for the year ended 31 December 2019, which was primarily due to the provision on an amount due from a shareholder in relation to the subscription of our Series A2 Preferred Shares.

Finance Costs

Finance costs decreased significantly from US$532 thousand for the year ended 31 December 2018 to US$213 thousand for the year ended 31 December 2019, primarily attributable to a decrease in transaction costs for the issuance of our convertible redeemable preferred shares, partially offset by an increase in interest expenses on lease liabilities.

Income Tax Credit

Income tax credit remained stable at US$56 thousand and US$92 thousand for the years ended 31 December 2018 and 2019, respectively.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from the Accountants' Report set out in Appendix I.

(US$ in thousands)	**As of 31 December**		**As of 30 June**
	2018	**2019**	**2020**
Total non-current assets	15,568	23,018	20,536
Total current assets	67,931	46,481	102,123
Total current liabilities	9,382	17,914	10,301
Net current assets	58,549	28,567	91,822

Current Assets/Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated.

(US$ in thousands)	As of 31 December		As of 30 June	As of 30 September
	2018	2019	2020	
Current assets				
Trade Receivables	228	1,673	425	328
Prepayments, other receivables and other assets	6,309	10,771	11,128	15,109
Amounts due from shareholders	700	250	–	–
Other financial assets	402	396	1,130	1,762
Cash and bank balances	60,292	33,391	89,440	146,917
Total current assets	67,931	46,481	102,123	164,116
Current liabilities				
Trade payables	5,013	9,317	4,370	6,328
Other payables and accruals	2,240	3,034	2,693	5,019
Contract liabilities	995	4,429	1,790	3,468
Lease liabilities	1,134	1,134	1,448	1,490
Total current liabilities	9,382	17,914	10,301	16,305
Net current assets	58,549	28,567	91,822	147,811

We had net current assets of US$91.8 million as of 30 June 2020, as compared to net current assets of US$28.6 million as of 31 December 2019. The increase was mainly due to the increase in our cash and bank balances, primarily attributable to the proceeds we received from the issuance of Series C Preferred Shares in 2020. Compared with 30 June 2020, we had net current assets of US$147.8 million as of 30 September 2020, consisting of current assets of US$164.1 million and current liabilities of US$16.3 million, primarily due to the proceeds we received from the issuance of Series C Preferred Shares in 2020.

Trade Receivables

Our trade receivables primarily consist of the outstanding amounts payable by our customers in connection with out-licensing of (i) our transgenic mice technologies on our Harbour antibody platforms; and (ii) the molecules we generated by using the transgenic mice

technologies on our Harbour antibody platforms. The trading terms with our customers are based on the payment schedule of the contracts with credit terms ranging from 10 to 45 days. The balances of our trade receivables are non-interest-bearing. We seek to maintain strict control over our outstanding trade receivables to minimize credit risk. Overdue balances are reviewed regularly by our senior management. As of 30 September 2020, approximately US$238.1 thousand, or 56.0%, of our trade receivables as of 30 June 2020 had been settled.

Our trade receivables increased significantly from US$0.2 million as of 31 December 2018 to US$1.7 million as of 31 December 2019, primarily attributable to the molecule license fees due from Hualan.

Our trade receivables decreased by 74.6% from US$1.7 million as of 31 December 2019 to US$0.4 million as of 30 June 2020, primarily due to the payment by Hualan of the molecule license fees.

Our trade receivables turnover days were 34 days in 2018, 63 days in 2019, and 31 days in the six months ended 30 June 2020. The increase in trade receivables turnover days from 2018 to 2019 was primarily due to the unsettled payment from Hualan. Such trade receivables were subsequently settled in the first half of 2020, resulting in a decrease in trade receivables turnover days for the six months ended 30 June 2020. Trade receivables turnover days for a given period are equal to the average trade receivables balances as of the beginning and the end of the period divided by total net revenues during the period and multiplied by the number of days during the period.

Prepayments, Other Receivables and Other Assets

Our current prepayments, other receivables and other assets primarily include prepayments, value-added tax recoverable, interest receivables, and deposits and other receivables. The following table sets forth our prepayments, other receivables and other assets as of the dates indicated.

(US$ in thousands)	**As of 31 December**		**As of 30 June**
	2018	**2019**	**2020**
Prepayments	3,985	7,307	8,163
Value-added tax recoverable	727	3,016	2,505
Interest receivables	–	23	24
Deposits and other receivables	1,597	425	436
Total prepayments, other receivables and other assets	6,309	10,771	11,128

Our prepayments, other receivables and other assets increased from US$6.3 million as of 31 December 2018 to US$10.8 million as of 31 December 2019. The increase was primarily attributable to (i) the increase in prepayments from US$4.0 million as of 31 December 2018 to US$7.3 million as of 31 December 2019; and (ii) the increase in value-added tax recoverable from US$0.7 million as of 31 December 2018 to US$3.0 million as of 31 December 2019. Our prepayments primarily consist of prepayments made in connection with purchase of reagents and research and development related services, and other prepaid expenses. The increase in prepayments was primarily attributable to the increase in prepayments of third-party contracting services. As we have not commercialized any of our drug candidates, our value-added tax recoverable primarily related to the input VAT we paid for machines and equipments, goods and services we purchased which are expected to offset any output VAT incurred afterwards. We are able to carry the value-added tax recoverable forward for an infinite period of time.

Our prepayments, other receivables and other assets increased from US$10.8 million as of 31 December 2019 to US$11.1 million as of 30 June 2020, primarily attributable to the increase in prepayments from US$7.3 million as of 31 December 2019 to US$8.2 million as of 30 June 2020, partially offset by the decrease in value-added tax recoverable from US$3.0 million as of 31 December 2019 to US$2.5 million as of 30 June 2020. The increase in prepayments was primarily attributable to the prepayments we made to our vendors.

Cash and Bank Balances

The following table sets out a breakdown of our cash and bank balances as of the dates indicated.

(US$ in thousands)	**As of 31 December**		**As of 30 June**
	2018	**2019**	**2020**
Cash and bank balances	**60,292**	**33,391**	**89,440**
Less:			
Time deposits with original maturity of more than three months but less than one year when acquired	(15,000)	(6,000)	(21,000)
Cash and cash equivalents	45,292	27,391	68,440
Denominated in:			
US$	59,572	27,828	83,392
RMB	340	5,512	5,902
Others	380	51	146
	60,292	33,391	89,440

Cash at banks earns interest at floating and fixed rates based on bank deposit rates. Time deposits are made for varying periods of between seven days and 12 months depending on our cash requirements based on daily operation, and earn interest at the respective short-term time deposit rates.

Cash and bank balances decreased by 44.6% from US$60.3 million as of 31 December 2018 to US$33.4 million as of 31 December 2019. The decrease was primarily attributable to the cash spent on our operations in 2019.

Cash and bank balances increased by 167.9% from US$33.4 million as of 31 December 2019 to US$89.4 million as of 30 June 2020. The increase was primarily attributable to the proceeds we received from Series B2 and C financing in the first half of 2020.

Trade Payables

The trade payables arise from our purchase of reagents and third-party contracting services for research and development purposes. The trade payables are non-interest-bearing and are normally settled on terms of one to three months. As of 30 September 2020, approximately US$4.0 million, or 90.7%, of our trade payables as of 30 June 2020 had been settled.

The trade payables increased by 85.9% from US$5.0 million as of 31 December 2018 to US$9.3 million as of 31 December 2019. The increase was primarily attributable to the increase in the payables to our suppliers as a result of our overall business expansion.

Trade payables decreased by 53.1% from US$9.3 million as of 31 December 2019 to US$4.4 million as of 30 June 2020. The decrease was primarily attributable to (i) our repayment of certain outstanding trade payables; and (ii) less clinical activities due to the COVID-19 outbreak.

Other Payables and Accruals

Our other payables and accruals primarily consist of payroll and welfare payable and accrued research and development costs. The following table sets forth the components of our other payables and accruals as of the dates indicated.

(US$ in thousands)	**As of 31 December**		**As of 30 June**
	2018	**2019**	**2020**
Payroll and welfare	1,143	2,078	1,422
Other tax payables	96	154	96
Other payables	675	414	768
Other accrued expenses	326	388	407
Other payables and accruals	2,240	3,034	2,693

Our other payables and accruals increased by 35.4% from US$2.2 million as of 31 December 2018 to US$3.0 million as of 31 December 2019. The increase was primarily attributable to the increase in payroll and welfare payables in connection with the increase in our headcount, which was in line with our overall business expansion.

Our other payables and accruals decreased by 11.2% from US$3.0 million as of 31 December 2019 to US$2.7 million as of 30 June 2020. The decrease was primarily attributable to the decrease in payroll and welfare payables.

Contract Liabilities

Our contract liabilities include (i) payments received in advance from third parties for technology license fees; (ii) payments received in advance from third parties for molecule license fees; and (iii) payments received in advance in connection with our platform-based research fees.

(US$ in thousands)	As of 31 December		As of 30 June
	2018	**2019**	**2020**
Amounts received in advance for the technology license fee	266	570	660
Amounts received in advance for molecule license fee	–	2,712	–
Amounts received in advance for platform-based research fee	729	1,147	1,130
Total contract liabilities	995	4,429	1,790

The contract liabilities increased significantly from US$1.0 million as of 31 December 2018 to US$4.4 million as of 31 December 2019, primarily attributable to (i) an increase in payment received in advance for molecule license fee from zero as of 31 December 2018 to US$2.7 million as of 31 December 2019 in connection with the advance payments made by Hualan in 2019 pursuant to our licensing and collaboration arrangements with Hualan; and (ii) an increase in payment received in advance for platform-based research fee from US$0.7 million as of 31 December 2018 to US$1.1 million as of 31 December 2019 in connection with the advance payments made by Teruisi in 2019 pursuant to our research agreement with Teruisi.

The contract liabilities decreased by 59.6% from US$4.4 million as of 31 December 2019 to US$1.8 million as of 30 June 2020, primarily attributable to a decrease in payment received in advance for molecule license fee due to the satisfaction of performance obligations related to the molecule license.

Non-Current Assets/Liabilities

The following table sets forth our non-current assets and non-current liabilities as of the dates indicated.

(US$ in thousands)	As of 31 December		As of 30 June
	2018	2019	2020
Non-current assets			
Property, plant and equipment	3,842	12,997	10,940
Right-of-use assets	3,297	1,829	1,657
Intangible assets	8,429	8,192	7,939
Total non-current assets	15,568	23,018	20,536
Non-current liabilities			
Lease liabilities	2,009	774	585
Deferred tax liabilities	2,107	1,999	1,945
Convertible redeemable preferred shares	155,872	202,259	311,421
Total non-current liabilities	159,988	205,032	313,951

Property, plant and equipment

Property, plant and equipment primarily consists of machinery, electronic equipment, furniture and fixtures and leasehold improvements in connection with our office premises and our laboratories in Shanghai and Suzhou. Our property, plant and equipment increased significantly from US$3.8 million as of 31 December 2018 to US$13.0 million as of 31 December 2019, primarily due to the site expansion of our office premises and laboratories and our purchase of laboratory equipment. Property, plant and equipment was US$10.9 million as of 30 June 2020.

Right-of-use assets

Our right-of-use assets primarily arise from our leases of properties, which are depreciated on a straight-line basis over the shorter of the assets' estimated useful lives and the lease terms. Our right-of-use assets decreased by 44.5% from US$3.3 million as of 31 December 2018 to US$1.8 million as of 31 December 2019, primarily due to depreciation charge of US$1.3 million in 2019. Right-of-use assets were US$1.7 million as of 30 June 2020.

Intangible assets

Our intangible assets primarily consist of technology licensing agreement under which Harbour Antibodies has been granted the exclusive license to the Harbour platform technologies and backlog of further licenses of the Harbour platform technologies to our customers as part of our acquisition of Harbour Antibodies B.V. in 2016. The technology licensing agreement has an indefinite life as the licensing agreement has no expiration date. Our management tests the technology licensing agreement with indefinite useful life for impairment annually by comparing its carrying amount with its recoverable amounts. The backlog is recognized as an intangible asset at fair value on the date of acquiring Harbour Antibodies B.V. and amortized using the straight-line method over its useful life of four years.

Impairment testing of technology licensing agreement

Our management tests the technology licensing agreement with indefinite useful life for impairment annually by comparing its carrying amount with its recoverable amount. The recoverable amount of the technology licensing agreement is determined based on the fair value less costs of disposal, and the fair value of the technology licensing agreement was determined using the relief from royalty method taking into account the nature of the asset, using cash flow projections based on financial budgets covering a 14-year period, and the growth rate used to extrapolate the cash flows beyond the 14-year period is 3%, which is close to the long-term inflation rate. Our management believes that using a 14-year forecast period is appropriate because it generally takes longer for a biotechnology company to use the technologies to generate therapeutics and develop them into products to reach perpetual growth mode when the market of such products is developing with substantial growth potential. Hence, financial budget covering a 14-year period is more feasible and reflects a more accurate value. The fair value measurement hierarchy of the technology licensing agreement was level 3. Other key assumptions to the valuation model used are as follows:

	As of 31 December		As of 30 June
	2018	2019	2020
Discount rates	22.0%	20.2%	20.2%
Royalty rates	6.0%	6.0%	6.0%

Discount rates. The discount rates used are before tax and reflect specific risks relating to the technology licensing agreement.

Royalty rates. The basis used to determine the value assigned to royalty rates is the market royalty rate where the technology licensing agreement is located, taking into account the profitability of the Group and other qualitative factors.

The following table sets forth the impact of reasonably possible changes in each of the key assumptions, with all other variables held constant, on impairment testing of the technology licensing agreement as of the dates indicated.

Possible changes of key assumptions	**Recoverable amount of the technology licensing agreement exceeds its carrying amount decrease by**		
(US$ in thousands)	**As of 31 December**		**As of 30 June**
	2018	**2019**	**2020**
Discount rates increased by 1%	2,600	1,400	1,400
Royalty rates decreased by 1%	5,200	2,700	2,800

As of 31 December 2018 and 2019 and 30 June 2020, the recoverable amount of the technology licensing agreement exceeded the carrying amounts by US$23.8 million, US$8.6 million and US$9.7 million, respectively. With regard to the assessment of fair value, our management believes that no reasonably possible changes in any of the key assumptions would cause the recoverable amount of the technology licensing agreement to be materially lower than its carrying amount.

Convertible redeemable preferred shares

See "History, Development and Corporate Structure" and note 25 to the Accountants' Report set out in Appendix I to this document for details of the Preferred Shares issued by our Company.

KEY FINANCIAL RATIOS

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

	As of 31 December		**As of 30 June**
	2018	**2019**	**2020**
Current Ratio[(1)]	7.24	2.59	9.91

Note:

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

See "– Discussion of Selected Items of Consolidated Statements of Profit or Loss" in this section for a discussion of the factors affecting our results of operations during the respective periods.

LIQUIDITY AND CAPITAL RESOURCES

Our management monitors and maintains a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. Our primary uses of cash were to fund research and development and other recurring expenses and to fund capital expenditure. We rely on equity financing as the major sources of liquidity. In November 2019, we entered into certain credit facility agreements with Bank of China Suzhou Branch and China Merchants Bank Suzhou Branch, respectively, pursuant to which we were granted a line of credit in an aggregate principal amount of RMB110 million, which expired in October 2020.

During the Track Record Period, we have incurred negative cash flows from our operations. Substantially all of our operating cash outflows have resulted from our research and development costs and administrative expenses associated with our operations. Our operating activities used US$33.3 million, US$46.2 million and US$18.9 million for the years ended 31 December 2018 and 2019 and for the six months ended 30 June 2020, respectively.

Cash Flows

The following table sets forth our cash flows for the periods indicated.

(US$ in thousands)	**For the Year Ended 31 December**		**For the Six Months Ended 30 June**	
	2018	**2019**	**2019**	**2020**
Cash flows from operating activities before movements in working capital	(34,876)	(49,788)	(31,168)	(11,886)
Changes in working capital	1,617	3,596	7,541	(7,054)
Income tax paid	(52)	(15)	(15)	–
Net cash flows used in operating activities	(33,311)	(46,207)	(23,642)	(18,940)
Interest received	366	576	246	288
Net cash flows (used in)/generated from investing activities	(16,856)	(3,601)	50	(15,663)
Net cash flows generated from/(used in) financing activities	94,090	32,029	(533)	75,736
Net increase/(decrease) in cash and cash equivalents	43,923	(17,779)	(24,125)	41,133
Cash and cash equivalents at beginning of year/period	1,393	45,292	45,292	27,391
Effect of foreign exchange rate changes, net	(24)	(122)	(10)	(84)
Cash and cash equivalents at end of year/period	45,292	27,391	21,157	68,440

Operating Activities

For the six months ended 30 June 2020, our net cash flows used in operating activities was US$18.9 million. Our loss before tax was US$48.4 million for the same period. The difference between our loss before tax and our net cash flows used in operating activities was primarily attributable to (i) certain non-cash expenses or loss, including loss on fair value change of convertible redeemable preferred shares of US$33.2 million and depreciation of property, plant and equipment of US$2.1 million; and (ii) changes in certain working capital items, including a decrease in trade receivables by US$1.3 million, partially offset by a decrease in trade payables by US$5.0 million and a decrease in contract liabilities by US$2.6 million.

For the year ended 31 December 2019, our net cash flows used in operating activities was US$46.2 million. Our loss before tax was US$67.6 million for the same period. The difference between our loss before tax and our net cash flows used in operating activities was primarily attributable to (i) certain non-cash expenses or loss, including loss on fair value change of convertible redeemable preferred shares of US$13.4 million and depreciation of property, plant and equipment of US$2.8 million; and (ii) changes in certain working capital items, including an increase in trade payables by US$4.2 million and an increase in contract liabilities by US$3.4 million, partially offset by an increase in prepayments, other receivables and other assets by US$3.2 million and an increase in trade receivables by US$1.4 million.

For the year ended 31 December 2018, our net cash flows used in operating activities was US$33.3 million. Our loss before tax was US$34.6 million for the same period. The difference between our loss before tax and our net cash flows used in operating activities was primarily attributable to (i) certain non-cash expenses or gains, including gain on fair value of change of convertible redeemable preferred shares of US$2.9 million; and (ii) changes in certain working capital items, including an increase in trade payables by US$3.6 million, partially offset by an increase in prepayments, other receivables and other assets by US$3.8 million.

Investing Activities

For the six months ended 30 June 2020, our net cash flows used in investing activities was US$15.7 million, primarily attributable to the increase in time deposits with original maturity of more than three months but less than one year when acquired by US$15.0 million.

For the year ended 31 December 2019, our net cash flows used in investing activities was US$3.6 million, primarily attributable to purchases of property, plant and equipment of US$12.9 million, partially offset by (i) the decrease in time deposits with original maturity of more than three months but less than one year when acquired by US$9.0 million; and (ii) interest received of US$0.6 million.

For the year ended 31 December 2018, our net cash flows used in investing activities was US$16.9 million, primarily attributable to (i) the increase in time deposits with original maturity of more than three months but less than one year when acquired by US$12.0 million; and (ii) purchases of property, plant and equipment of US$4.9 million, partially offset by interest received of US$0.4 million.

Financing Activities

For the six months ended 30 June 2020, our net cash flows generated from financing activities was US$75.7 million, primarily attributable to proceeds from issuance of convertible redeemable preferred shares of US$76.0 million, partially offset by payment of lease liabilities of US$0.3 million.

For the year ended 31 December 2019, our net cash flows generated from financing activities was US$32.0 million, primarily attributable to proceeds from issuance of convertible redeemable preferred shares of US$33.0 million, partially offset by payment of lease liabilities of US$1.0 million.

For the year ended 31 December 2018, our net cash flows generated from financing activities was US$94.1 million, primarily attributable to proceeds from issuance of convertible redeemable preferred shares of US$96.7 million, partially offset by payment of repurchase of convertible preferred shares of US$1.2 million.

CASH OPERATING COSTS

The following table sets forth key information relating to our cash operating costs for the period indicated.

(US$ in thousands)	**For the Year Ended 31 December**		**For the Six Months Ended 30 June**
	2018	**2019**	**2020**
Costs relating to research and development costs for Core Products[(1)]:			
Upfront and milestone fees	–	3,000	1,000
Employee costs	2,008	3,533	1,750
Materials	–	4	2
Third-party contracting costs related to discovery and pre-clinical development	–	–	–
Clinical trial expenses[*]	2,263	9,463	2,254
Others[(2)]	266	709	165
Subtotal	4,537	16,709	5,171
Costs relating to research and development costs for other product candidates[(3)]:			
Upfront and milestone fees	12,000	–	–
Employee costs	4,750	7,780	3,073

(US$ in thousands)	For the Year Ended 31 December 2018	2019	For the Six Months Ended 30 June 2020
Materials	2,817	4,414	1,057
Third-party contracting costs related to discovery and pre-clinical development	2,107	7,222	1,793
Clinical trial expenses	147	6,305	2,450
Others[(2)]	324	989	797
Subtotal	22,145	26,710	9,170
Costs relating to research and development costs for Harbour antibody platforms[(4)]:			
Upfront and milestone fees	–	–	–
Employee costs	40	775	504
Materials	–	879	525
Third-party contracting costs related to discovery and pre-clinical development	1,000	1,046	1,533
Clinical trial expenses[*]	–	–	–
Others[(2)]	–	174	246
Subtotal	1,040	2,874	2,808
Total:	27,722	46,293	17,149
Workforce employment[(5)]	2,497	5,339	3,289
Direct production costs[(6)]	–	–	–
Product marketing[(7)]	–	–	–
Non-income taxes, royalties and other governmental charges	–	–	–
Contingency allowances	–	–	–

Notes:

(1) The research and development costs we allocated to our Core Products during the Track Record Period accounted for a relatively small portion of our total research and development costs, compared with the research and development costs we allocated to our other product candidates and Harbour antibody platforms combined. The reason was that (i) we entered into a few in-licensing agreements for our other product candidates and paid the upfront fees and milestone fees under these agreements in 2018, and (ii) all the upfront fees under the in-licensing agreements for batoclimab (HBM9161) and tanfanercept (HBM9036) (US$2.0 million for each) were paid in 2017 (prior to the Track Record Period). We intend to allocate a significant portion of the proceeds from the Global Offering to fund our Core Products. See "Future Plans and Use of Proceeds" for more details.

(2) Others primarily include rental and utility expenses.

(3) Research and development costs for other product candidates primarily cover our internally developed drug candidates (such as HBM4003) and our other in-licensed drug candidates (such as HBM9302).

* All of the clinical expenses as part of our cash operating expenses during the Track Record Period were attributable to third-party expenses (primarily CRO expenses).

(4) Research and development costs for Harbour antibody platforms primarily cover the co-discovery programs we had with our partners.

(5) Workforce employment costs represent total non-R&D staff costs mainly including salaries and welfare.

(6) We had not commenced product manufacturing by our own as at the Latest Practicable Date.

(7) We had not commenced product sales as at the Latest Practicable Date.

INDEBTEDNESS

Lease liabilities

The following table sets forth our lease liabilities as of the dates indicated:

(US$ in thousands)	As of 31 December,		As of 30 June,	As of 30 September,
	2018	2019	2020	
Current portion	1,134	1,134	1,448	1,490
Non-current portion	2,009	774	585	312
Total lease liabilities	3,143	1,908	2,033	1,802

Borrowings

In November 2019, we entered into certain credit facility agreements with Bank of China Suzhou Branch and China Merchants Bank Suzhou Branch, respectively, pursuant to which we were granted lines of credit in an aggregate principal amount of RMB110 million, which expired in October 2020.

Except as discussed above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of 30 September 2020.

WORKING CAPITAL CONFIRMATION

The Directors are of the opinion that, taking into account the financial resources available to us, including cash and cash equivalents, internally generated funds, investments, the estimated net proceeds from the Global Offering, and our cash burn rate, which is the average monthly cash used in operations plus payments for property, plant and equipment, we have sufficient working capital to cover at least 125% of our costs, including research and development costs and general and administrative and operating costs, for at least the next 12 months from the expected date of this document. Without taking into account the proceeds from the Global Offering, our Directors believe that we have sufficient working capital for approximately 12 months.

CAPITAL EXPENDITURE

We regularly incur capital expenditures to purchase and maintain our property, plant and equipment and our intangible assets, in order to enhance our research and development capabilities and expand our business operations. Historically, we funded our capital expenditures mainly through equity financing. The table below sets forth our capital expenditures for the periods indicated.

(US$ in thousands)	For the Year Ended 31 December		For the Six Months Ended 30 June	
	2018	2019	2019	2020
Purchases of property, plant and equipment	4,868	12,946	9,554	192
Purchase of intangible assets	1	231	61	25
Total	4,869	13,177	9,615	217

Our capital expenditure in 2018 was US$4.9 million, primarily attributable to our purchase of laboratory equipment. Our capital expenditure in 2019 was US$13.2 million, primarily due to improvement of our office premises and laboratories and our purchase of laboratory equipment. Our capital expenditure for the six months ended 30 June 2020 was US$0.2 million.

We expect that our capital expenditures in 2020 will primarily consist of laboratory equipment upgrade-related costs. We intend to fund our future capital expenditures with our existing cash balance and proceeds from the Global Offering. See "Future Plans and Use of Proceeds" for more details. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CONTRACTUAL COMMITMENTS

As of 31 December 2018, 2019 and 30 June 2020, we had capital commitment contracted for but not provided of US$1.0 million, US$0.1 million and US$27 thousand, respectively, primarily associated with purchase of laboratory equipment.

OFF-BALANCE SHEET ARRANGEMENTS

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements such as relationships with unconsolidated entities or financial partnerships, which are often referred to as structured finance or special purpose entities, established for the purpose of facilitating financing transactions that are not required to be reflected on our balance sheets.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK AND CREDIT RISK

Foreign Currency Risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Our financial assets and liabilities are subject to foreign currency risk as a result of certain bank deposits, trade and other receivables and trade and other payables denominated in non-functional currency. Therefore, the fluctuations in the exchange rate of functional currency against non-functional currency could affect our results of operations. We do not enter into any hedging transactions to manage the potential fluctuation in foreign currency. For details, see note 33 to the Accountants' Report set out in Appendix I.

Credit Risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant.

The credit risk of our other financial assets, which comprise cash and bank balances, financial assets included in prepayments, other receivables and other assets and amounts due from shareholders arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since we trade only with recognized and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by counterparties, by geographical region and by industry sector. As of 31 December 2018 and 2019 and 30 June 2020, we had certain concentrations of credit risk, as 65%, 94% and 81% of our trade receivables were due from our customers with five largest outstanding balances, respectively. For details, see note 33 to the Accountants' Report set out in Appendix I.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting financial obligations due to shortage of funds. Our exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. We monitor our risk to a shortage of funds by considering the maturities of both our financial liabilities and financial assets. Our objective is to maintain a balance between continuity of funding and flexibility. We aim to maintain sufficient cash and cash equivalents to meet our liquidity requirements. For details, see note 33 to Accountants' Report set out in Appendix I.

Capital management

The primary objectives of our management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support our business and maximize shareholders' value.

We manage our capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, we may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. We are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the Track Record Period. For details, see note 33 to Accountants' Report set out in Appendix I.

TRANSACTIONS WITH RELATED PARTIES

We had the following outstanding balances with related parties as of the dates indicated:

(US$ in thousands)	As of 31 December		As of 30 June
	2018	2019	2020
Amounts due from shareholders	700	250	–

Amounts due from shareholders arose from the consideration for subscription of our Series A2 Preferred Shares by certain of our Founders in 2016, which has not been paid as of 31 December 2018 and 2019. Amounts due from shareholders are non-interest-bearing, unsecured and repayable within two years after the issuance of our Series A2 Preferred Shares.

We seek to maintain strict control over outstanding receivables to minimize our credit risks. In 2019, we recorded a provision on amounts due from a shareholder in relation to the subscription of our Series A2 Preferred Shares. The remaining amounts due from shareholders have been fully settled during the six months ended 30 June 2020.

Our Directors are of the view that each of the above transactions (i) was conducted in the ordinary and usual course of business and on normal commercial terms between the relevant parties; and (ii) does not distort our Track Record Period results or make our historical results not reflective of future performance. See note 30 to the Accountants' Report as set out in Appendix I for a detailed information of transactions with related parties.

DIVIDENDS

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

Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. As advised by our Cayman Islands counsel, under

Cayman Islands law, a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be declared or paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Investors should not purchase our shares with the expectation of receiving cash dividends.

DISTRIBUTABLE RESERVES

As of 30 June 2020, we did not have any distributable reserves.

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately HK$112.0 million (including underwriting commission, assuming an Offer Price of HK$12.31 per Share, being the mid-point of the indicative Offer Price range of HK$11.70 to HK$12.92 per Share), assuming the Over-allotment Option is not exercised and no additional Shares are issued pursuant to the Pre-IPO Equity Plan. No such expenses were recognized and charged to our consolidated statements of profit or loss for the years ended 31 December 2018 and 2019. For the six months ended 30 June 2020, the listing expenses charged to profit or loss were US$0.6 million and capitalized to prepayments were US$0.2 million. After 30 June 2020, approximately US$5.1 million is expected to be charged to our consolidated statements of profit or loss, and approximately US$8.5 million is expected to be accounted for as a deduction from equity upon the Listing. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. The estimated amount of listing expenses will account for approximately 6.6% of the gross proceeds of the Global Offering (assuming the Over-allotment Option is not exercised).

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an illustrative and pro forma statement of our adjusted consolidated net tangible assets as of 30 June 2020, which has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Global Offering as if it had taken place on that date as set out in the Accountants' Report in Appendix I.

This unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of our financial position had the Global Offering been completed as of 30 June 2020 or any future dates.

	Consolidated net tangible liabilities attributable to owners of the parent as at 30 June 2020 *(USD'000) (Note 1)*	Estimated net proceeds from the Global Offering *(USD'000) (Note 2)*	Estimated impact to the consolidated net tangible liabilities upon the conversion of convertible redeemable preferred shares *(USD'000) (Note 3)*	Unaudited pro forma adjusted consolidated net tangible assets as at 30 June 2020 *(USD'000)*	Unaudited pro forma adjusted consolidated net tangible assets per Share as at 30 June 2020 *(USD) (Note 4)*	*(HK$) (Note 5)*
Based on an Offer Price of HK$11.70 per Share	(209,419)	195,362	311,421	297,364	0.39	3.00
Based on an Offer Price of HK$12.92 per Share	(209,419)	216,240	311,421	318,242	0.41	3.21

Notes:

(1) The consolidated net tangible liabilities of the Company attributable to owners of the parent as at 30 June 2020 was equal to the consolidated net liabilities attributable to owners of the parent as at 30 June 2020 of USD201,480,000 after deducting intangible assets of USD7,939,000 as at 30 June 2020 set out in the Accountants' Report in Appendix I to this document.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$11.70 per Share or HK$12.92 per Share, after deduction of the underwriting fees and other related expenses payable by the Company and does not take into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into US dollar at an exchange rate of USD0.1290 to HK$1.0.

(3) Upon the Listing and the completion of the Global Offering, all the preferred shares (including Series A2 Preferred Shares which are included in equity and all the other convertible redeemable preferred shares which are included in non-current liabilities) will be automatically converted into Ordinary Shares. The convertible redeemable preferred shares will then be transferred from liabilities to equity. Accordingly, for the purpose of the unaudited pro forma financial information, the unaudited pro forma adjusted net tangible assets attributable to owners of the parent will be increased by USD311,421,000, being the carrying amounts of the convertible redeemable preferred shares as at 30 June 2020.

(4) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per share is arrived at after adjustments referred to notes 2 and 3 above and on the basis that 767,891,160 shares are in issue, assuming that the conversion of preferred shares into Ordinary Shares and the Global Offering had been completed on 30 June 2020. However, this does not take into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option.

(5) The unaudited pro forma adjusted consolidated net tangible assets per Share are converted into Hong Kong dollars at an exchange rate of USD0.1290 to HK$1.00.

(6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Company entered into subsequent to 30 June 2020.

(7) The unaudited pro forma adjusted consolidated net tangible assets have not taken into account the effect of the raising of an additional proceed of USD68,800,000 from the issuance of Series C Preferred Shares in July 2020. Had the additional proceed of USD68,800,000 been taken into account, the unaudited pro forma adjusted consolidated net tangible assets per Share would be HK$3.70 per Share (equivalent to USD0.48 per Share, based on the Offer Price of HK$11.70 per Share) or HK$3.91 per Share (equivalent to USD0.50 per Share, based on the Offer Price of HK$12.92 per Share).

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since 30 June 2020 (being the date on which the latest consolidated financial information of our company was prepared) and there is no event since 30 June 2020 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I.

IMPACT OF THE COVID-19 OUTBREAK

As of the Latest Practicable Date, the impact of the ongoing global coronavirus-19 (COVID-19) pandemic to our business has been limited. To date, although COVID-19 has caused some delays in the initiation of the ongoing trials of certain clinical-stage drug candidates in early 2020, the COVID-19 pandemic has not had a material impact on our ongoing clinical activities, in particular, clinical activities related to tanfanercept and batoclimab, our Core Products. See "Our Business – Our Drug Candidates" for our clinical development plan for each of tanfanercept and batoclimab. As of the Latest Practicable Date, the outbreak of COVID-19 has not caused any early termination of our clinical trials or necessitated removal of any enrolled patients. We have employed various measures to mitigate impacts of the COVID-19 outbreak may have on our currently ongoing trials in Greater China and Australia. We worked closely with our CROs to monitor the situation and manage the process of our clinical trials. We maintained contact with our patients to ensure that they remain on the trials and that any information they need will be readily available. In addition, we believe the COVID-19 outbreak has not significantly impacted our ability to carry out our obligations under existing contracts or disrupted any supply chains that we rely upon.

As of the Latest Practicable Date, we have not had any suspected or confirmed COVID-19 cases on our premises or among our employees. To prevent any spread of COVID-19 in our offices and research facilities, we have adopted a thorough disease prevention scheme to protect our employees from contracting COVID-19. The measures we have implemented include, among others, regularly sterilizing and ventilating our offices, checking the body temperature of our employees, keeping track of the travel history and health conditions of employees and their immediate family members, providing face masks to employees attending the office, minimizing in-person meetings to the extent possible and encouraging employees to wear masks when needed. As of the Latest Practicable Date, our ongoing clinical trials and CROs had resumed full and normal operations and the COVID-19 outbreak had not resulted in a major disruption to our operations.

Although we believe we have implemented strategies to potentially minimize the impact of the COVID-19 pandemic to our business, we expect that we may experience delays with respect to the initiation and patient enrollment of certain additional trials. The extent to which the COVID-19 pandemic impacts the timing of these additional trials will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of the pandemic, any restrictions on the ability of hospitals and trial sites to conduct trials that are not designed to address the COVID-19 pandemic and the perceived effectiveness of actions taken in China, the United States and Australia to contain and treat the disease. We will continue to evaluate the impact of the COVID-19 pandemic to our business.

Our Directors believe that, based on information available as of the Latest Practicable Date, the outbreak of COVID-19 would not result in a material disruption to our business operations or have any material impact on our clinical trial progress and expected IND/NDA submission table, because (i) none of our offices are located in regions under lockdown; (ii) our operations have not experienced any material disruption since the outbreak of COVID-19; (iii) most of our employees do not reside in regions under lockdown; (iv) our research and development team have resumed working; and (v) our operations in the United States and the Netherlands have generally not been materially affected by the outbreak of COVID-19.

Taking into account our past and prospective cash burn rate, including but not limited to future clinical development and administrative expenses, lease payment, capital expenditure and current financial position, our ability to control the speed and breadth of our clinical development and business development activities and our expansion in headcount, our current internal resources and net proceeds from the Global Offering based on the low-end of the Offer Price, our Directors estimate that our financial resources can support our research and development activities and business operations for approximately three years.

There are, however, still uncertainties with regard to the continued development of COVID-19 and its implications, and we will continue to assess the situation and seek to put in place relevant mitigating measures where necessary. The above analyses are made by our management based on currently available information concerning COVID-19. We cannot guarantee that the outbreak of COVID-19 will not further escalate or have a material adverse effect on our business operations. Please also see "Risk factors – Risks Related to Our Industry, Business and Operations – Our business, financial condition and results of operations could be adversely affected by the COVID-19 outbreak." and "Risk factors – Risks Related to Our Industry, Business and Operations – Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses."

We expect to record an increase in net loss for the year ending 31 December 2020 because we will continue to incur significant expenses as we continue the clinical development of our drug candidates, in particular, our Core Products.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

See "Business – Strategies" for details of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$1,589.5 million after deducting the underwriting fees and expenses related to the Global Offering, assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK$12.31 per Offer Share, being the mid-point of the indicative Offer Price range of HK$11.70 to HK$12.92 per Offer Share in this document. We intend to use the net proceeds we will receive from this offering for the following purposes:

- approximately HK$588.1 million (representing 37% of the net proceeds) is expected to be used to fund our Core Products, including batoclimab (HBM9161) and tanfanercept (HBM9036), and specifically:

  (i) approximately HK$460.9 million (representing 29% of the net proceeds) is expected to be used to fund ongoing and planned clinical trials and other related R&D activities, preparation for registration filings and potential commercial launches in Greater China of batoclimab (HBM9161), one of our Core Products, of which HK$95.4 million (representing 6% of the net proceeds) is expected to be used to fund phase 2/3 clinical trials for the treatment of ITP, HK$63.6 million (representing 4% of the net proceeds) is expected to be used to fund the planned phase 3 trial for treatment of GO, HK$79.5 million (representing 5% of the net proceeds) is expected to be used to fund the ongoing phase 2 trial and the planned phase 3 trial of batoclimab for treatment of MG, HK$47.7 million (representing 3% of the net proceeds) is expected to be used to fund the clinical development for treatment of NMOSD, HK$95.4 million (representing 6% of the net proceeds) is expected to be used to fund the preparation of registration filings for the indications (ITP, GO, MG and NMOSD) we initially focus on, the commercial launches, and subject to regulatory approval, commercialization of batoclimab, and HK$79.5 million (representing 5% of the net proceeds) will be used to fund the clinical development of the additional indications, such as WAIHA and CIDP. Approximately HK$38.2 million (representing 2.4% of the net proceeds) will be used for the milestone payments of batoclimab. For more information on the latest status and next key milestones for batoclimab, See "Business – Our Drug Candidates – Batoclimab (HBM9161): A Potential Differentiated Anti-FcRn Antibody for Autoimmune Diseases";

  (ii) approximately HK$127.2 million (representing 8% of the net proceeds) is expected to be used to fund ongoing and planned clinical trials and other related R&D activities, preparation for registration filings and potential commercial launches in Greater China of tanfanercept (HBM9036), one of our

Core Products, of which HK$111.3 million (representing 7% of the net proceeds) is expected to be used to fund ongoing and planned clinical trials of tanfanercept for treatment of DED and HK$15.9 million (representing 1% of the net proceeds) is expected to be used to fund the preparation of registration filings for tanfanercept in DED, the commercial launch, and subject to regulatory approval, commercialization of tanfanercept. We plan to utilize third-party sales channels for the launch, marketing and sales of tanfanercept. Approximately HK$30.2 million (representing 1.9% of the net proceeds) will be used for the milestone payments of tanfanercept. For more information on the latest status and next key milestones for tanfanercept, see "Business – Our Drug Candidates – Tanfanercept (HBM9036): A Potential Differentiated Anti-TNF-α Treatment for Dry Eye Disease – Clinical Development Activities and Clinical Development Plan for Tanfanercept in Greater China by Us";

- approximately HK$365.6 million (representing 23% of the net proceeds) is expected to be used to fund ongoing and planned clinical trials in Greater China and Australia, preparation for registration filings and potential commercial launches of HBM4003, our anchor asset, in Greater China, the United States and other jurisdictions, of which HK$333.8 million (representing 21% of the net proceeds) is expected to be used to fund ongoing and planned clinical trials of HBM4003 for treatment of advanced solid tumors and HK$31.8 million (representing 2% of the net proceeds) is expected to be used to fund the preparation of registration filings for HBM4003's leading indications in advanced solid tumors, the commercial launch, and subject to regulatory approval, commercialization of HBM4003. Approximately HK$111.3 million (representing 7% of the net proceeds) and HK$222.5 million (representing 14% of the net proceeds) are expected to be used for monotherapy studies and combination studies of HBM4003, respectively, in future specific cancer types where HBM4003 has shown promising therapeutic potential in our current Phase 1 study. For more information on the latest status and next key milestones for HBM4003, see "Business – Our Drug Candidates – HBM4003: A Differentiated HCAb-Based Next Generation Anti-CTLA-4 Antibody for Solid Tumors – Clinical Development of HBM4003";

- approximately HK$238.4 million (representing 15% of the net proceeds) is expected to be used to fund the research and development of our other drug candidates seeking IND approvals and yet to commence clinical trials or those in pre-clinical studies, of which HK$15.9 million (representing 1% of the net proceeds) will be used for HBM9302, HK$47.7 million (representing 3% of the net proceeds) will be used for HBM1007, HK$63.6 million (representing 4% of the net proceeds) will be used for HBM7008, and HK$111.3 million (representing 7% of the net proceeds) will be used for other new drug candidates;

- approximately HK$190.7 million (representing 12% of the net proceeds) is expected to be used to fund the discovery of innovative molecules generated from our Harbour antibody platforms, including HK$95.4 million (representing 6% of the net

proceeds) expected to be used for bispecific antibody projects, HK$63.6 million (representing 4% of the net proceeds) expected to be used for potential differentiated projects, and HK$31.8 million (representing 2% of the net proceeds) expected to be used for co-discovery and collaborative projects;

- approximately HK$79.5 million (representing 5% of the net proceeds) is expected to be used to fund the continued improvement of our platform technologies and our pursuit of licensing and collaboration opportunities utilizing our Harbour antibody platforms; and

- approximately HK$127.2 million (representing 8% of the net proceeds) is expected to be used for working capital and other general corporate purposes.

The table below specifies the further breakdown for net proceeds to be allocated to different stages of each of our anchor assets, including batoclimab, tanfanercept and HBM4003.

		Net Proceeds to Be Allocated			
		Clinical Trials and Other Related R&D Activities[1]	Commercialization	Latest Development Stage	Future Development Plan and Expected Timetable
Batoclimab (HBM9161)	**ITP**	6%, or approximately HK$95.4 million	1%, or approximately HK$15.9 million	Ongoing Phase 2/3 registrational trial	• Expected to submit BLA to the NMPA in 2023
	GO	4%, or approximately HK$63.6 million	1%, or approximately HK$15.9 million	Obtained IND approval from the NMPA to conduct a registrational Phase 3 trial in May 2020	• Expected to initiate this trial in 2021 • Expected to submit BLA to the NMPA in 2023
	MG	5%, or approximately HK$79.5 million	3%, or approximately HK$47.7 million	Ongoing Phase 2 clinical trial	• Expected to apply for "breakthrough designation" in the first half of 2021 • Expected to submit BLA to the NMPA in 2022
	NMOSD	3%, or approximately HK$47.7 million	1%, or approximately HK$15.9 million	Ongoing Phase 1b/2 clinical trial	• Expected to report top-line reports from this trial in the first half of 2021 • Expected to apply for "breakthrough designation" in the first half of 2021 • Expect to submit BLA to the NMPA in 2022
	WAIHA	2%, or approximately HK$31.8 million	N/A	Preparing IND application to the NMPA	• Expected to submit IND application in early 2021

		Net Proceeds to Be Allocated			
		Clinical Trials and Other Related R&D Activities[1]	Commercialization	Latest Development Stage	Future Development Plan and Expected Timetable
	CIDP	3%, or approximately HK$47.7 million	N/A	Preparing IND application to the NMPA	• Expected to submit IND application in early 2021
Tanfanercept (HBM9036)	**Dry Eye Disease**	7%, or approximately HK$111.3 million	1%, or approximately HK$15.9 million	Ongoing registrational Phase 3 trial	• Expected to submit BLA to the NMPA in 2022
HBM4003	**Advanced Solid Tumors**	21%, or approximately HK$333.8 million	2%, or approximately HK$31.8 million	• Ongoing Phase 1 trial in Australia • Obtained IND approval from the NMPA in September 2020 for a Phase 1 trial as a monotherapy in solid tumors • Obtained IND approval from the U.S. FDA in January 2020 for a Phase 1 trial as a monotherapy in solid tumors • Obtained IND approval from the NMPA in September 2020 as a combination therapy with PD-1 for various types of solid tumors	• Expected to report top-line results from part 1 of the Phase 1 trial in Australia by early 2021 • Expected to initiate part 2 of the Phase 1 monotherapy trial globally by early 2021 on advanced solid tumors • Expected to initiate a China development program as a combination therapy (with PD-1) by early 2021 in melanoma, followed by advanced solid tumors, such as MSI-H CRC and NSCLC

Note:

1. Other related R&D activities primarily include chemistry, manufacturing and controls activities.

If the Offer Price is set at the high point or the low point of the indicative Offer Price range (assuming the Over-allotment Option is not exercised), the net proceeds will increase or decrease by approximately HK$80.9 million, respectively. We will apply the additional or reduced net proceeds to the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, we will receive additional net proceeds of approximately HK$245.0 million, assuming an Offer Price of HK$12.31 per Share, being the mid-point of the indicative Offer Price range.

If the net proceeds of the Global Offering are not immediately required for the above purposes, we may hold such funds in short-term deposits with banks.

HONG KONG UNDERWRITERS

Morgan Stanley Asia Limited

Merrill Lynch (Asia Pacific) Limited

CLSA Limited

China International Capital Corporation Hong Kong Securities Limited

Credit Suisse (Hong Kong) Limited

Haitong International Securities Company Limited

BOCI Asia Limited

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters.

The Global Offering comprises the Hong Kong Public Offering of initially 13,824,000 Hong Kong Public Offer Shares and the International Offering of initially 124,397,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure and conditions of the Global Offering" as well as to the Over-Allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, the Company is offering initially 13,824,000 Hong Kong Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this document and the **GREEN** Application Form at the Offer Price.

Subject to (a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be offered pursuant to the Global Offering as mentioned herein and such approval not having been withdrawn and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Public Offer Shares being offered which are not taken up under the Hong Kong Public Offering on and subject to the terms and

conditions set out in this document, **GREEN** Application Form and the Hong Kong Underwriting Agreement. The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

For applicants applying under the Hong Kong Public Offering, this document and the **GREEN** Application Form contain the terms and conditions of the Hong Kong Public Offering. The International Offering is expected to be fully underwritten by the International Underwriters.

Grounds for Termination

The Joint Global Coordinators may (for themselves and on behalf of the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters) in their sole and absolute discretion and upon giving notice orally or in writing to our Company, terminate the Hong Kong Underwriting Agreement with immediate effect, if at any time prior to 8:00 a.m. on the Listing Date:

(A) there develops, occurs, exists or comes into force:

(a) any local, national, regional or international event or circumstance in the nature of force majeure (including any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism), in or affecting the Cayman Islands, British Virgin Islands, Hong Kong, the PRC, the United States, the United Kingdom or the European Union (or any member thereof) (collectively, the "**Relevant Jurisdictions**"); or

(b) any change, or any development involving a prospective change, or any event or circumstance likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any Relevant Jurisdictions; or

(c) any moratorium, suspension or restriction (including any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or

(d) any general moratorium on commercial banking activities in the Cayman Islands, British Virgin Islands, Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent governmental authority), the PRC, New York (imposed at Federal or New York State level or other competent governmental authority), London, or any other Relevant Jurisdiction, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction; or

(e) any new law, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation or application by any court or other competent governmental authority of) existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or

(f) the imposition of sanctions, in whatever form, directly or indirectly, under any sanction laws, or regulations in, Hong Kong, the PRC or any other Relevant Jurisdiction; or

(g) a change or development involving a prospective change in or affecting Taxes or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(h) any litigation or claim of any third party being threatened or instigated against any member of our Group; or

(i) a Director or a member of our Group's senior management as named in this document being charged with an indictable offense or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company; or

(j) any Director or a member of our Group's senior management as named in this document vacating his or her office; or

(k) a governmental authority or a political body or organisation in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any of our Director; or

(l) a contravention by any member of our Group of the Listing Rules or applicable laws; or

(m) a prohibition by a governmental authority on our Company for whatever reason from offering, allotting, issuing or selling any of our Shares (including the additional Shares which our Company may be required to issue upon the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or

(n) non-compliance of this document (or any other documents used in connection with the contemplated offer and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or

(o) the issue or requirement to issue by our Company of any supplement or amendment to this document (or to any other documents issued or used in connection with the contemplated offer and sale of our Shares) pursuant to the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(p) any change or development involving a prospective change in, or a materialization of any of the risks set out in the section headed "Risk Factors" of this document; or

(q) any order or petition for the winding up or liquidation of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or

(r) a valid demand by any creditor for repayment or payment of any of our Company's indebtedness or in respect of which our Company is liable prior to its stated maturity, or any loss or damage sustained by our Company (howsoever caused and whether or not the subject of any insurance or claim against any person);

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Global Coordinators (1) has or will have or may have a Material Adverse Effect (as defined in the Hong Kong Underwriting Agreement) on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole; or (2) has or will have or may have a Material Adverse Effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (3) makes or will make or may make it inadvisable or inexpedient or

impracticable for the Global Offering to proceed or to market the Global Offering; or (4) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(B) there has come to the notice of the Joint Global Coordinators:

(a) that any statement contained in any of the offering documents, the formal notice, the price determination agreement, the receiving bank agreement, the registrar's agreement, the cornerstone investment agreements, the preliminary offering circular, and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (collectively, the "**Offer Related Documents**") (including any supplement or amendment thereto, but excluding the information relating to the underwriters for use in the Offer Related Documents, namely the marketing name, legal name, logo and address of such underwriters) was, when it was issued, or has become, untrue, incorrect or misleading, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Offer Related Documents (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or

(b) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this document, constitute a material omission from any of the Offer Related Documents (including any supplement or amendment thereto); or

(c) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement, the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or

(d) any event, act or omission which gives or is likely to give rise to any liability of any of the indemnifying parties pursuant to the Hong Kong Underwriting Agreement; or

(e) any breach on the part of our Company and/or the covenantors of any provisions of or obligations under the Hong Kong Underwriting Agreement or the International Underwriting Agreement in any material respect; or

(f) any material adverse change, or any development involving a prospective material adverse change in, or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Company and the other members of our Group, taken as a whole; or

(g) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the warranties in the Hong Kong Underwriting Agreement; or

(h) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, our Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(i) there is a prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including any additional Shares to be issued pursuant to the Over-Allotment Option and the Share Schemes) pursuant to the terms of the Global Offering; or

(j) our Company withdraws any of the Offer Related Documents or the Global Offering; or

(k) any person (other than the Joint Sponsors) has withdrawn its consent to being named in this document or to the issue of any of the application proof of our Company, the post hearing information pack of our Company, this document, the application form and the formal notice.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that no further Shares or securities convertible into Shares (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of shares or securities will be completed within six months from the Listing Date), except for:

(a) the issue of shares, the listing of which has been approved by the Stock Exchange, pursuant to a share option scheme under Chapter 17 of the Listing Rules;

(b) any capitalization issue, capital reduction or consolidation or sub-division of Shares;

(c) issue of Shares or securities pursuant to the Global Offering (including any exercise of the Over-Allotment Option); and

(d) any other applicable circumstances provided under Rule 10.08 of the Listing Rules.

Undertakings by the Company pursuant to the Hong Kong Underwriting Agreement

The Company has, pursuant to the Hong Kong Underwriting Agreement, undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except pursuant to the Global Offering (including pursuant to the Over-Allotment Option), it will not, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, at any time during the period after the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months from the Listing Date (the "**First Six-month Period**"):

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represents the right to receive, or any warrants or other rights to purchase any share capital or other securities of the Company, as applicable), or deposit any share capital or other securities of the Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the Shares or any other securities of the Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or

(iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or

(iv) offer to or agree to or announce any intention to effect any of the transactions specified in (i), (ii) or (iii) above,

in each case, whether any of the transactions specified in paragraph (i), (ii) or (iii) above is to be settled by delivery of share capital or other securities of the Company, in cash or otherwise (whether or not the issue of such share capital or such other securities will be completed within the First Six-Month Period).

Undertakings by our Company and certain Shareholders

HARBOURBIO LLC ("**Harbourbio**"), Dr. Jingsong Wang and our Company have entered into a deed of undertakings ("**Deed**") in favor of the Joint Global Coordinators, pursuant to which, (i) Harbourbio and Dr. Wang will not, and will cause its affiliates not to, at any time during the period commencing on the date of this document and ending on, and including, the date falling 180 days after the date of this document (the "**180 Days Period**"), dispose of all Shares held by Harbourbio or Dr. Wang as of the date of the Deed and other additional Shares acquired up to the Listing Date, if any ("**Harbourbio Relevant Shares**"), or (ii) any interest in any company or entity holding or controlling (directly or indirectly) any Harbourbio Relevant Shares, subject to certain exceptions. Our Company further undertakes not to permit, and to procure Kastle Limited not to permit, any disposal of our Shares held by Kastle Limited as of the date of the Deed and other additional Shares acquired by Kastle Limited from the date of the Deed up to the Listing Date, if any ("**Kastle Relevant Shares**", together with Harbourbio Relevant Shares, the "**Relevant Shares**") within the 180 Days Period. For the purpose of the Deed, "**dispose of**" or "**disposal**" means:

(A) offer, pledge, charge, sell, mortgage, hypothecate, lend, create, transfer, assign or otherwise dispose, grant any option, warrant or right to purchase, sell, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or create any third party right of whatever nature over any Relevant Shares or any other securities convertible into or exercisable or exchangeable for such Relevant Shares, or that represent the right to receive, such Relevant Shares, or any interest in them; or

(B) enter into any option, swap or other arrangement that transfers to another, in whole or in part, any beneficial ownership of the Relevant Shares or any of the economic consequences or incidents of ownership of Relevant Shares or any other securities of our Company convertible into or exercisable or exchangeable for such Relevant Shares or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Relevant Shares or any such other securities of our Company convertible into or exercisable or exchangeable for such Relevant Shares or any interest therein) or which transfers or derives any significant part of its value from such Relevant Shares; or

(C) enter into any transaction, directly or indirectly, with the same economic effect as any transaction specified in paragraph (A) or (B) above; or

(D) offer, agree, contract or announce any intention to effect any transaction specified in paragraph (A), (B) or (C) above, in each case, whether any of the transactions specified in paragraph (A), (B) or (C) above is to be settled by delivery of Relevant Shares or such other securities convertible into or exercisable or exchangeable for the Relevant Shares of our Company or in cash or otherwise (whether or not the issue of Relevant Shares or such other securities will be completed within the aforesaid period).

The Pre-IPO Investors are subject to restrictions on disposal of Shares pursuant to the shareholders agreement dated 24 June 2020. Please see "History, Development and Corporate Structure – Pre-IPO Investment – Principal Terms of the Pre-IPO Investments" for further details.

Indemnity

Each of the Company has agreed to indemnify each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer including, among other things, as a result of the Company's breach of the provisions of the Hong Kong Underwriting Agreement.

Hong Kong Underwriters' Interests in our Company

Except for its obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interest in our Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement

The International Offering

In connection with the International Offering, it is expected that the Company will enter into the International Underwriting Agreement with the International Underwriters on the Price Determination Date. Under the International Underwriting Agreement and subject to the Over-Allotment Option, the International Underwriters will, subject to certain conditions set out therein, severally and not jointly, agree to subscribe for or purchase or procure subscribers or purchasers for their respective proportions of the International Offer Shares which are not taken up under the International Offering. See the section headed "*Structure and conditions of the Global Offering – The International Offering*".

Over-Allotment Option

The Company is expected to grant to the International Underwriters the Over-Allotment Option, exercisable by the Joint Global Coordinators on behalf of the International Underwriters during the 30-day period from the last day for lodging of applications under the Hong Kong Public Offering, which will end on Thursday, 3 December 2020, to require the Company to issue and allot up to an aggregate of 20,733,000 additional Offer Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering, at the Offer Price to cover over-allocations in the International Offering, if any. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that if the International Underwriting Agreement is not entered into, or is terminated, the Global Offering will not proceed. See the section headed "*Structure and conditions of the Global Offering – The International Offering – Over-Allotment Option*".

Commissions and Expenses

According to the Hong Kong Underwriting Agreement, the Hong Kong Underwriters will receive an underwriting commission of 3% of the Offer Price of all the Hong Kong Public Offer Shares initially offered under the Hong Kong Public Offering, out of which they will pay any sub-underwriting commission and other fees, if any. For unsubscribed Hong Kong Public Offer Shares reallocated to the International Offering, the Company will pay an underwriting commission at the rate applicable to the International Offering to the relevant International Underwriters (but not the Hong Kong Underwriters). The International Underwriters are expected to receive an underwriting commission of 3% of the Offer Price of the International Offer Shares. In addition, the Company may at its sole discretion pay any one of all of the Underwriters an additional incentive fee of up to an aggregate of no more than 1% of the Offer Price for each Offer Shares.

Based on an Offer Price of HK$12.31 per Share, being the mid-point of the Offer Price range, the fees and commissions, the Stock Exchange trading fee and the SFC transaction levy payable by the Company in connection with the offering of the Shares under the Hong Kong Public Offering and the International Offering, together with the legal and other professional fees, printing and other expenses payable by us in relation to the Global Offering, are estimated to amount to approximately HK$165.0 million in aggregate (assuming the Over-Allotment Option is exercised in full). Such fees, commissions, the Stock Exchange trading fee, the SFC transaction levy and the fees and expenses of professional advisors and service providers engaged in relation to the Global Offering are payable and borne by us.

Joint Sponsors' Fee

An amount of US$400,000 is payable by the Company as sponsor fee to each of the Joint Sponsors.

Over-Allotment and Stabilization

Details of the arrangements relating to the Over-Allotment Option and stabilization are set forth in the section headed "*Structure and conditions of the Global Offering*".

INDEPENDENCE OF THE JOINT SPONSORS

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The Underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in "Structure and conditions of the Global Offering". Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilizing Manager through its affiliates or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to us and our affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

THE GLOBAL OFFERING

This document is published in connection with the Hong Kong Public Offering as part of the Global Offering.

138,221,000 Offer Shares will be made available under the Global Offering comprising:

(a) the Hong Kong Public Offering of 13,824,000 Shares (subject to adjustment in Hong Kong as described in the paragraph headed "– *The Hong Kong Public Offering*" below; and

(b) the International Offering of an aggregate of initially 124,397,000 Shares (subject to adjustment and the Over-Allotment Option) (a) in the United States to QIBs in reliance on Rule 144A or another available exemption; and (b) outside the United States in reliance on Regulation S, as described in the paragraph headed "– *The International Offering*" below.

Investors may either:

(a) apply for Hong Kong Public Offer Shares under the Hong Kong Public Offering; or

(b) apply for or indicate an interest for International Offer Shares under the International Offering,

but may not do both.

The Offer Shares will represent approximately 18% of the total Shares in issue immediately following the completion of the Global Offering, assuming the Over-Allotment Option is not exercised. If the Over-Allotment Option is exercised in full, the Offer Shares will represent approximately 20.2% of the total Shares in issue immediately following the completion of the Global Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

The Company is initially offering 13,824,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. The number of Shares offered under the Hong Kong Public Offering, subject to any adjustment of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 1.80% of the total Shares in issue immediately following the completion of the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed "– *Conditions of the Global Offering*" below.

Allocation

Allocation of the Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Public Offer Shares.

For allocation purposes only, the total number of the Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools, pool A (being an aggregate of 6,912,000 Shares) and pool B (being an aggregate of 6,912,000 Shares). The Hong Kong Public Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Public Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and Stock Exchange trading fee payable) or less. The Hong Kong Public Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Public Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and Stock Exchange trading fee payable) and up to the total value in pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Public Offer Shares in one (but not both) of the pools are undersubscribed, such unsubscribed Hong Kong Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for the Offer Shares means the price payable on application therefore (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Public Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 6,912,000 Hong Kong Public Offer Shares, being 50% of the 13,824,000 Hong Kong Public Offer Shares initially available under the Hong Kong Public Offering are liable to be rejected.

Reallocation and clawback

The allocation of the Offers Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached ("**Mandatory Reallocation**"):

(a) 13,824,000 Offer Shares available in the Hong Kong Public Offering, representing approximately 10% of the Offer Shares initially available under the Global Offering;

in the event that the International Offer Shares are fully subscribed or oversubscribed

(b) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering such that the total number of Offer Shares initially available under the Hong Kong Public Offering will be 41,468,000 Offer Shares, representing approximately 30% of the Offer Shares initially available under the Global Offering;

(c) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering such that the total number of Offer Shares initially available under the Hong Kong Public Offering will be 55,290,000 Offer Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering; and

(d) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering such that the total number of Offer Shares initially available under the Hong Kong Public Offering will be 69,112,000 Offer Shares, representing approximately 50% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate. In addition, the Joint Global Coordinators may reallocate the Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

In addition to any Mandatory Reallocation which may be required, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and the Joint Sponsors may, at their discretion, reallocate Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications in Pool A and Pool B under the Hong Kong Public Offering. In the event that (i) the International Offer Shares are undersubscribed and the Hong Kong Public Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Public Offer Shares are fully subscribed or oversubscribed as to less than 15 times of the number of Hong Kong Public Offer Shares initially available under the Hong Kong Public Offering **provided that** the Offer Price would be set at the bottom end of the indicative Offer Price range, being HK$11.70, up to 13,824,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offer will be increased to 27,648,000 Offer Shares, representing approximately 20.00% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-Allotment Option), in accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange.

The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Global Coordinators.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Offer Shares under the International Offering.

The listing of the Shares on the Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$12.92 per Offer Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "– *Pricing of the Global Offering*" below, is less than the Maximum Offer Price of HK$12.92 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "*How to apply for the Hong Kong Public Offer Shares*".

References in this document to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

Subject to reallocation as described above, the International Offering will consist of an offering of initially 124,397,000 Shares, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering and approximately 16.20% of the total Shares in issue immediately after the completion of the Global Offering.

Allocation

The International Offering will include selective marketing of Offer Shares to QIBs in the United States as well as institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States only in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "– *Pricing of the Global Offering*" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the Listing. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Company and the Shareholders as a whole.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered the Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant application under the Hong Kong Public Offering and to ensure that it is excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation and clawback

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of, amongst others, the clawback arrangement described in the paragraph headed "– *The Hong Kong Public Offering – Reallocation and clawback*" above, the exercise of the Over-Allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

Over-Allotment Option

In connection with the Global Offering, the Company is expected to grant an Over-Allotment Option to the International Underwriters exercisable by the Joint Global Coordinators on behalf of the International Underwriters.

Pursuant to the Over-Allotment Option, the International Underwriters have the right, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require the Company to issue and allot up to an aggregate of 20,733,000 additional Offer Shares, representing approximately 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover over-allocations in the International Offering, if any. If the Over-Allotment Option is exercised in full, the additional Offer Shares will represent approximately 2.63% of the total Shares in issue immediately following the completion of the Global Offering and the exercise of the Over-Allotment Option. In the event that the Over-Allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent, a decline in the market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager through its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the Shares for a limited period after the Listing Date at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilizing Manager through its affiliates of a greater number of Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-Allotment Option. The Stabilizing Manager through its affiliates may close out the covered short position by either exercising the Over-Allotment Option to purchase additional Shares or purchasing Shares in the open market. In determining the source of the Shares to close out the covered short position, the Stabilizing Manager through its affiliates will consider, among others, the price of Shares in the open market as compared to the price at which they may purchase additional Shares pursuant to the Over-Allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Shares while the Global Offering is in progress. Any market purchases of the Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, **provided that** they are made in

compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager through its affiliates or any person acting for it to conduct any such stabilizing action, which if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager through its affiliates or any person acting for it, (b) may be discontinued at any time, and (c) is required to be brought to an end within 30 days after the last day for the lodging of applications under the Hong Kong Public Offering. The number of the Shares that may be over-allocated will not exceed the number of the Shares that may be sold and transferred pursuant to the exercise of the Over-Allotment Option, namely, 20,733,000 Offer Shares, which is approximately 15% of the number of Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-Allotment Option is exercised.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

(a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Shares;

(b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any deduction in the market price of the Shares;

(c) subscribing, or agreeing to subscribe, for the Shares to be sold and transferred pursuant to the exercise of the Over-Allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares;

(e) selling or agreeing to sell any Shares to liquidate any position established as a result of those purchases; and

(f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilizing actions by the Stabilizing Manager through its affiliates, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

Prospective applications for investors in the Offer Shares should note that:

(a) as a result of effecting transactions to stabilize or maintain the market price of the Shares, the Stabilizing Manager through its affiliates, or any person acting for it, may maintain a long position in the Shares;

(b) the size of the long position, and the period for which the Stabilizing Manager through its affiliates, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager through its affiliates and is uncertain;

(c) liquidation of any such long position by the Stabilizing Manager through its affiliates and selling in the open market may lead to a decline in the market price of the Shares;

(d) no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period, which begins on the Listing Date, and is expected to expire on Saturday, 2 January 2021, being the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and their market price, could fall after the end of the stabilizing period. These activities by the Stabilizing Manager through its affiliates may stabilize, maintain or otherwise affect the market price of the Shares. As a result, the price of the Shares may be higher than the price that otherwise may exist in the open market;

(e) any stabilizing action taken by the Stabilizing Manager through its affiliates, or any person acting for it, may not necessarily result in the market price of the Shares staying at or above the Offer Price either during or after the stabilizing period; and

(f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at a price at or below the Offer Price and therefore at or below the price paid by applicants for, or investors in, the Offer Shares.

An announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it may choose to borrow up to 20,733,000 Shares, representing approximately 15% of the Offer Shares, from Golden Link Investment Limited to cover over-allocations (being the maximum number of additional Shares which may be allotted and issued upon exercise of the Over-allotment Option), or acquire Shares from other sources, including the exercising of the Over-allotment Option.

If such Stock Borrowing Arrangement is entered into, the borrowing of Shares will only be effected by the Stabilizing Manager or any person acting for it for settlement of over-allocations in the International Offering and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set out in Rule 10.07(3) of the Listing Rules are complied with, being that (a) the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of

the Over-allotment Option in connection with the International Offering; (b) the maximum number of Shares to be borrowed from Golden Link Investment Limited pursuant to the Stock Borrowing Agreement is the maximum number of Shares that may be issued upon full exercise of the Over-Allotment Option; (c) the same number of Shares so borrowed must be returned to Golden Link Investment Limited or its nominees, as the case may be, on or before the third business day following the earlier of (i) the last day for exercising the Over-Allotment Option, and (ii) the day on which the Over-Allotment Option is exercised in full or such earlier time as may be agreed in writing between the parties; (d) the stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements; and (e) no payments will be made to Golden Link Investment Limited by the Stabilizing Manager in relation to the stock borrowing arrangement.

PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investor indications of interest in acquiring International Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of International Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Thursday, 3 December 2020 and in any event on or before Sunday, 6 December 2020, by agreement among the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and the Company and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$12.92 per Offer Share and is expected to be not less than HK$11.70 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the bottom end of the indicative Offer Price range stated in this document.**

The Joint Global Coordinators, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of the Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price range below that stated in this document at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause to be posted on the website of the Stock Exchange

(**www.hkexnews.hk**) and on the website of the Company (**www.harbourbiomed.com**) notices of the reduction. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and the Company, will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in this document, and any other financial information which may change as a result of such reduction.

In the absence of any such notice so published, the number of Offer Shares will not be reduced and the Offer Price, if agreed upon with the Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this document. However, if the number of Offer Shares and/or the Offer Price range is reduced, applicants under the Hong Kong Public Offering will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed are received, and all unconfirmed applications will not be valid.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Joint Global Coordinators may at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, **provided that** the number of Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares in the Global Offering. The Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators.

The final Offer Price for Offer Shares under the Global Offering, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Public Offer Shares and the results of allocation in the Hong Kong Public Offering are expected to be announced on Wednesday, 9 December 2020 through a variety of channels in the manner described in the section headed "*How to apply for the Hong Kong Public Offer Shares – D. Publication of results*".

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, and the respective Underwriting Agreements, are summarized in the section headed "*Underwriting*".

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(i) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering and such approval not having been withdrawn;

(ii) the Offer Price having been duly agreed among the Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements.

In each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this document.

If, for any reason, the Offer Price is not agreed among the Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or before Sunday, 6 December 2020, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the website of the Stock Exchange (**www.hkexnews.hk**) and the website of the Company (**www.harbourbiomed.com**) on the next day following such lapse. In such event, all application monies will be returned, without interest, on the terms set out in the section headed "*How to apply for the Hong Kong Public Offer Shares*". In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving banker or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares are expected to be issued on Wednesday, 9 December 2020 but will only become valid certificates of title at 8:00 a.m. on Thursday, 10 December 2020 **provided that** (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed "*Underwriting – Underwriting arrangements and expenses – The Hong Kong Public Offering – Grounds for Termination*" has not been exercised at or before that time.

DEALING IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 10 December 2020, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, 10 December 2020. The Shares will be traded in board lots of 1,000 Shares each and the stock code of the Shares will be 02142.

IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS

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

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

The contents of the electronic version of the document are identical to the printed document as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Set out below are procedures through which you can apply for the Hong Kong Public Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Public Offer Shares by the public.

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

If you have any question about the application for the Hong Kong Public Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar, Tricor Investor Services Limited, at +852 3907 7333 from Monday, 30 November 2020 to Thursday, 3 December 2020.

A. APPLICATIONS FOR HONG KONG PUBLIC OFFER SHARES

1. How To Apply

We will not provide any printed application forms for use by the public.

If you apply for Hong Kong Public Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

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

(1) apply online via the **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**) or at **www.hkeipo.hk**; or

(2) electronically cause HKSCC Nominees to apply on your behalf, including by:

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

ii. (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC's Customer Service Centre by completing an input request.

If you apply through channel (1) above, the Hong Kong Public Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(i) or (2)(ii) above, the Hong Kong Public Offer Shares successfully applied for will be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. Who Can Apply

You can apply for Hong Kong Public Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States (within the meaning of Regulation S), and are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- are not an existing Shareholder and/or his/her/its close associate;
- are not a core connected person of the Company and will not become a core connected person of the Company immediately upon completion of the Global Offering; and
- have not been allocated and have not applied for or indicated interest in any Offer Share under the International Offering.

If you apply for Hong Kong Public Offer Shares online through the **HK eIPO White Form** service, in addition to the above, you must also:

- have a valid Hong Kong identity card number; and
- provide a valid e-mail address and a contact telephone number.

If an application is made by a person under a power of attorney, the Company and the Joint Global Coordinators, as the Company's agent, may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **HK eIPO White Form** service for the Hong Kong Public Offer Shares.

If you are applying for the Hong Kong Public Offer Shares online by instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals, please contact them for the items required for the application.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Public Offer Shares if:

- you are an existing beneficial owner of shares in the Company and/or any of its subsidiaries;
- you are a Director or chief executive of the Company and/or any of the Company's subsidiaries;
- you are a connected person of the Company or will become a connected person of the Company immediately upon completion of the Global Offering;
- you are an associate of any of the above persons; or
- you have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participated in the International Offering.

3. Applying For Hong Kong Public Offer Shares

Which Application Channel to Use

For Hong Kong Public Offer Shares to be issued in your own name, apply online through the **HK eIPO White Form** service in the **IPO App** or on the designated website at **www.hkeipo.hk**.

For Hong Kong Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Minimum Application Amount and Permitted Numbers

You may apply through the **HK eIPO White Form** service or give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000 Hong Kong Public Offer Shares. Instructions for more than 1,000 Hong Kong Public Offer Shares must be in one of the numbers set out in the table. You are required to pay the amount next to the number you select. No application for any other number of Hong Kong Public Offer Shares will be considered and any such application is liable to be rejected.

No. of Hong Kong Public Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Public Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Public Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Public Offer Shares applied for	Amount payable on application *HK$*
1,000	13,050.20	25,000	326,254.87	300,000	3,915,058.45	6,000,000	78,301,169.04
2,000	26,100.39	30,000	391,505.85	400,000	5,220,077.94	6,912,000[(1)]	90,202,946.73
3,000	39,150.59	35,000	456,756.82	500,000	6,525,097.42		
4,000	52,200.78	40,000	522,007.79	600,000	7,830,116.90		
5,000	65,250.97	45,000	587,258.77	700,000	9,135,136.39		
6,000	78,301.17	50,000	652,509.74	800,000	10,440,155.87		
7,000	91,351.36	60,000	783,011.69	900,000	11,745,175.36		
8,000	104,401.56	70,000	913,513.64	1,000,000	13,050,194.84		
9,000	117,451.75	80,000	1,044,015.59	2,000,000	26,100,389.68		
10,000	130,501.95	90,000	1,174,517.54	3,000,000	39,150,584.52		
15,000	195,752.92	100,000	1,305,019.48	4,000,000	52,200,779.36		
20,000	261,003.90	200,000	2,610,038.97	5,000,000	65,250,974.20		

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

4. Terms And Conditions Of An Application

By applying through the application channels specified in this document, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this document, in the **IPO App** or on the designated website under the **HK eIPO White Form** service, and agree to be bound by them;

(iv) confirm that you have received and read this document and have relied only on the information and representations contained in this document in making your application and will not rely on any other information or representations except those in any supplement to this document;

(v) confirm that you are aware of the restrictions on the Global Offering set out in this document;

(vi) agree that none of the Company, the Joint Sponsors, the Joint Global Coordinators, the Underwriters, any of them or the Company's respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering (the "**Relevant Persons**") and the **HK eIPO White Form** Service Provider is or will be liable for any information and representations not in this document (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in the International Offering;

(viii) agree to disclose to the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company nor the Relevant Persons will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this document, in the **IPO App** or on the designated website under the **HK eIPO White Form** service;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Public Offer Shares applied for or any lesser number allocated to you under the application;

(xv) authorize the Company to place your name(s) or the name of HKSCC Nominees on the Company's register of members as the holder(s) of any Hong Kong Public Offer Shares allocated to you, and the Company and/or its agents to send any Share certificate(s) and/or any e-Auto Refund payment instruction and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the Share certificate(s) and/or refund cheque(s) in person;

(xvi) understand that the Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service by you or by any one as your agent or by any other person; and

(xviii) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as their agent.

5. Applying Through The HK eIPO White Form Service

General

Individuals who meet the criteria in the paragraph headed "*– 2. Who Can Apply*" in this section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the **IPO App** or the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are in the **IPO App** or on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the **IPO App** or the designated website, you authorize the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this document, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

If you have any questions on how to apply through the **HK eIPO White Form** service for the Hong Kong Public Offer Shares, please contact the telephone enquiry line of our Hong Kong Share Registrar, Tricor Investor Services Limited at +852 3907 7333 which is available on the following dates:

Monday, 30 November 2020 – 9:00 a.m. to 9:00 p.m.
Tuesday, 1 December 2020 – 9:00 a.m. to 9:00 p.m.
Wednesday, 2 December 2020 – 9:00 a.m. to 9:00 p.m.
Thursday, 3 December 2020 – 9:00 a.m. to 12:00 noon

Time for Submitting Applications under the HK eIPO White Form Service

You may submit your application through the **HK eIPO White Form** service in the **IPO App** or at **www.hkeipo.hk** (24 hours daily, except on the last day for applications) from 9:00 a.m. on Monday, 30 November 2020 until 11:30 a.m. on Thursday, 3 December 2020 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 3 December 2020, the last day for applications, or such later time under the paragraph headed "*– C. Effect of bad weather and/or Extreme Conditions on the opening and closing of the application lists*" in this section.

No Multiple Applications

If you apply by means of the **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this document acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

6. Applying By Giving Electronic Application Instructions To HKSCC Via CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Public Offer Shares and to arrange payment of the monies due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "*An Operating Guide for Investor Participants*" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

If you are not a **CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Public Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Public Offer Shares and an application is made by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this document;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
- agree to accept the Hong Kong Public Offer Shares applied for or any lesser number allocated;
- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
- (if the **electronic application instruction** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;
- confirm that you understand that the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorize the Company to place HKSCC Nominees name on the Company's register of members as the holder of the Hong Kong Public Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this document and agree to be bound by them;

- confirm that you have received and read a copy of this document and have relied only on the information and representations in this document in causing the application to be made, save as set out in any supplement to this document;

- agree that none of the Company or the Relevant Persons is or will be liable for any information and representations not contained in this document (and any supplement to it);

- agree to disclose to the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons any personal data which they may require about you;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with the Company, and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Public Offer Shares to any person on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this document. However, HKSCC Nominees may revoke the application on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this document under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this document;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the results of the Hong Kong Public Offering;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for Hong Kong Public Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Public Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this document.

***Time for Inputting Electronic Application Instructions*[1]**

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Monday, 30 November 2020 – 9:00 a.m. to 8:30 p.m.
Tuesday, 1 December 2020 – 8:00 a.m. to 8:30 p.m.
Wednesday, 2 December 2020 – 8:00 a.m. to 8:30 p.m.
Thursday, 3 December 2020 – 8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, 30 November 2020 until 12:00 noon on Thursday, 3 December 2020 (24 hours daily, except on Thursday, 3 December 2020, the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, 3 December 2020, the last day for applications or such later time as described in the paragraph headed "*– C. Effect of bad weather and/or Extreme Conditions on the opening and closing of the application lists*" in this section.

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

1 These times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this document acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Personal Data

The following Personal Information Collection Statement applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By giving **electronic application instructions** to HKSCC, you agree to all of the terms of the Personal Information Collection Statement below.

Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Public Offer Shares, of the policies and practices of the Company and the Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Reasons for the collection of your personal data

It is necessary for applicants and registered holders of the Hong Kong Public Offer Shares to supply correct personal data to the Company or its agents and the Hong Kong Share Registrar when applying for the Hong Kong Public Offer Shares or transferring the Hong Kong Public Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Public Offer Shares being rejected, or in delay or the inability of the Company or the Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Public Offer Shares which you have successfully applied for and/or the dispatch of Share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Public Offer Shares inform the Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this document and announcing results of allocation of the Hong Kong Public Offer Shares;

- compliance with applicable laws and regulations in Hong Kong and elsewhere;

- registering new issues or transfers into or out of the names of the holders of the Shares including, where applicable, HKSCC Nominees;

- maintaining or updating the register of members of the Company;
- verifying identities of the holders of the Shares;
- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the Hong Kong Share Registrar to discharge their obligations to holders of the Shares and/or regulators and/or any other purposes to which the holders of the Shares may from time to time agree.

Transfer of personal data

Personal data held by the Company and the Hong Kong Share Registrar relating to the holders of the Hong Kong Public Offer Shares will be kept confidential but the Company and the Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving banks and overseas principal share registrar;
- where applicants for the Hong Kong Public Offer Shares request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the Hong Kong Share Registrar in connection with their respective business operation;
- the Hong Kong Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations; and
- any persons or institutions with which the holders of the Hong Kong Public Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

Retention of personal data

The Company and the Hong Kong Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Public Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance.

Access to and correction of personal data

Holders of the Hong Kong Public Offer Shares have the right to ascertain whether the Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the Hong Kong Share Registrar, at their registered address disclosed in the section headed "*Corporate information*" in this document or as notified from time to time, for the attention of the company secretary, or the Hong Kong Share Registrar for the attention of the privacy compliance officer.

7. Warning For Electronic Applications

The application for the Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for applications to make your electronic applications. The Company, the Relevant Persons and the **HK eIPO White Form** Service Provider take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allocated any Hong Kong Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems.

8. How Many Applications Can You Make

Multiple applications for the Hong Kong Public Offer Shares are not allowed except by nominees.

All of your applications will be rejected if more than one application by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**).

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Stock Exchange. "**Statutory control**" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

B. HOW MUCH ARE THE HONG KONG PUBLIC OFFER SHARES

The maximum Offer Price is HK$12.92 per Offer Share. You must pay the maximum Offer Price, brokerage of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005% in full upon application for the Hong Kong Public Offer Shares under the terms set out in the paragraph "– *Minimum Application Amount and Permitted Numbers*" in this section. This means that for one board lot of 1,000 Hong Kong Public Offer Shares, you will pay HK$13,050.20.

You may submit an application through the **HK eIPO White Form** service in respect of a minimum of 1,000 Hong Kong Public Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Hong Kong Public Offer Shares must be in one of the numbers set out in the paragraph "– *Minimum Application Amount and Permitted Numbers*" in this section, or as otherwise specified in the **IPO App** or on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee will be paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "*Structure and conditions of the Global Offering – Pricing of the Global Offering*" in this document.

C. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close if there is:

- a tropical cyclone warning signal number 8 or above;
- a "black" rainstorm warning; and/or
- Extreme Conditions,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 3 December 2020. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings and/or Extreme Conditions in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, 3 December 2020 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in the section headed "Expected timetable" in this document, an announcement will be made in such event.

D. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Public Offer Shares on Wednesday, 9 December 2020 on the Company's website at **www.harbourbiomed.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.harbourbiomed.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Wednesday, 9 December 2020;
- from the "IPO Results" function in the **IPO App** and the designated results of allocations website at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, 9 December 2020 to 12:00 midnight on Tuesday, 15 December 2020;

- from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, 9 December 2020, to Monday, 14 December 2020 (excluding Saturday, Sunday or public holiday in Hong Kong).

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Public Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "*Structure and conditions of the Global Offering*" in this document.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

E. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG PUBLIC OFFER SHARES

You should note the following situations in which the Hong Kong Public Offer Shares will not be allocated to you:

(i) If your application is revoked:

By applying through giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this document under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this document.

If any supplement to this document is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allocation of Hong Kong Public Offer Shares is void:

The allocation of Hong Kong Public Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Public Offer Shares and International Offer Shares;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions in the **IPO App** or on the designated website at **www.hkeipo.hk**;
- your payment is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Global Coordinators believes or believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Public Offer Shares initially offered under the Hong Kong Public Offering.

F. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$12.92 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon) paid on application, or if the conditions of the Global Offering as set out in the section headed "*Structure and conditions of the Global Offering – Conditions of the Global Offering*" in this document are not satisfied or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest.

Any refund of your application monies will be made on or before Wednesday, 9 December 2020.

G. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Public Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or before Wednesday, 9 December 2020. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, 10 December 2020, **provided that** the Global Offering has become unconditional in all respects at or before that time and the right of termination described in the section headed "*Underwriting*" has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.

Personal Collection

(i) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 or more Hong Kong Public Offer Shares through the **HK eIPO White Form** service, and your application is wholly or partially successful, you may collect your Share certificate(s) (where applicable) in person from the Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 9 December 2020, or such other place or date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares through the **HK eIPO White Form** service, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, 9 December 2020 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(ii) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Public Offer Shares

- For the purposes of allocating Hong Kong Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, 9 December 2020, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allocations of the Hong Kong Public Offering in the manner specified in the paragraph headed "– *E. Publication of Results*" in this section on Wednesday, 9 December 2020. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 9 December 2020 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Public Offer Shares allocated to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Public Offer Shares allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, 9 December 2020. Immediately following the credit of the Hong Kong Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 9 December 2020.

H. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report received from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, for the purpose of incorporation in this document.

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

The Directors

HBM Holdings Limited
Morgan Stanley Asia Limited
Merrill Lynch Far East Limited
CLSA Capital Markets Limited

Dear Sirs,

We report on the historical financial information of HBM Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-70, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2018 and 2019, and the six months ended 30 June 2020 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statement of financial position of the Company as at 31 December 2018 and 2019 and 30 June 2020 and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-70 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 November 2020 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2018 and 2019 and 30 June 2020 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

REVIEW OF INTERIM COMPARATIVE FINANCIAL INFORMATION

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the six months ended 30 June 2019 and other explanatory information (the "Interim Comparative Financial Information").

The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
30 November 2020

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in United States dollars ("USD") and all values are rounded to the nearest thousand (USD'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December		Six months ended 30 June	
		2018	2019	2019	2020
		USD'000	*USD'000*	*USD'000*	*USD'000*
				(Unaudited)	
REVENUE	*6*	1,483	5,419	556	6,070
Cost of sales		(647)	(623)	(291)	(287)
Gross profit		836	4,796	265	5,783
Other income and gains	*6*	528	1,581	354	349
Administrative expenses		(6,496)	(10,587)	(5,315)	(5,306)
Research and development costs		(31,630)	(49,477)	(28,040)	(15,198)
Gain/(loss) on fair value change of convertible redeemable preferred shares	*25*	2,853	(13,387)	(4,738)	(33,162)
Other expenses		(198)	(301)	(36)	(667)
Finance costs	*7*	(532)	(213)	(68)	(235)
LOSS BEFORE TAX	*8*	(34,639)	(67,588)	(37,578)	(48,436)
Income tax credit	*11*	56	92	38	54
LOSS FOR THE YEAR/PERIOD		(34,583)	(67,496)	(37,540)	(48,382)
Attributable to:					
Owners of the parent		(34,583)	(67,460)	(37,517)	(48,305)
Non-controlling interests		–	(36)	(23)	(77)
		(34,583)	(67,496)	(37,540)	(48,382)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted (USD)	*13*	(12.51)	(22.88)	(12.93)	(15.65)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	USD'000	*USD'000*	*USD'000*	*USD'000*
			(Unaudited)	
LOSS FOR THE YEAR/PERIOD	(34,583)	(67,496)	(37,540)	(48,382)
OTHER COMPREHENSIVE INCOME				
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	111	(80)	(95)	236
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF TAX	111	(80)	(95)	236
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD	(34,472)	(67,576)	(37,635)	(48,146)
Attributable to:				
Owners of the parent	(34,472)	(67,540)	(37,612)	(48,069)
Non-controlling interests	–	(36)	(23)	(77)
	(34,472)	(67,576)	(37,635)	(48,146)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2018 USD'000	2019 USD'000	As at 30 June 2020 USD'000
NON-CURRENT ASSETS				
Property, plant and equipment	*14*	3,842	12,997	10,940
Right-of-use assets	*15*	3,297	1,829	1,657
Intangible assets	*16*	8,429	8,192	7,939
Total non-current assets		15,568	23,018	20,536
CURRENT ASSETS				
Trade receivables	*17*	228	1,673	425
Prepayments, other receivables and other assets	*18*	6,309	10,771	11,128
Amounts due from shareholders	*30*	700	250	–
Other financial assets	*19*	402	396	1,130
Cash and bank balances	*20*	60,292	33,391	89,440
Total current assets		67,931	46,481	102,123
CURRENT LIABILITIES				
Trade payables	*21*	5,013	9,317	4,370
Other payables and accruals	*22*	2,240	3,034	2,693
Contract liabilities	*23*	995	4,429	1,790
Lease liabilities	*15*	1,134	1,134	1,448
Total current liabilities		9,382	17,914	10,301
NET CURRENT ASSETS		58,549	28,567	91,822
TOTAL ASSETS LESS CURRENT LIABILITIES		74,117	51,585	112,358
NON-CURRENT LIABILITIES				
Lease liabilities	*15*	2,009	774	585
Deferred tax liabilities	*24*	2,107	1,999	1,945
Convertible redeemable preferred shares	*25*	155,872	202,259	311,421
Total non-current liabilities		159,988	205,032	313,951
Net liabilities		(85,871)	(153,447)	(201,593)
DEFICIENCY IN EQUITY				
Equity attributable to owners of the parent				
Share capital	*26*	5	5	6
Treasury shares	*26*	(1)	(1)	(2)
Reserves	*27*	(85,875)	(153,415)	(201,484)
		(85,871)	(153,411)	(201,480)
Non-controlling interests		–	(36)	(113)
Total deficit		(85,871)	(153,447)	(201,593)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent							
	Share capital *USD'000*	**Treasury shares** *USD'000*	**Share premium*** *USD'000*	**Exchange fluctuation reserve*** *USD'000*	**Accumulated losses*** *USD'000*	**Sub-total** *USD'000*	**Non-controlling interests** *USD'000*	**Total** *USD'000*
As at 1 January 2018	4	–	10,027	35	(60,324)	(50,258)	–	(50,258)
Loss for the year	–	–	–	–	(34,583)	(34,583)	–	(34,583)
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	–	–	–	111	–	111	–	111
Total comprehensive loss for the year	–	–	–	111	(34,583)	(34,472)	–	(34,472)
Issue of ordinary shares *(note 26(a))*	1	(1)	–	–	–	–	–	–
Repurchase of preferred shares *(note 26(b))*	–	–	(803)	–	–	(803)	–	(803)
Repurchase of vested restricted shares *(notes 26(b) and 28)*	–	–	–	–	(338)	(338)	–	(338)
At 31 December 2018	5	(1)	9,224	146	(95,245)	(85,871)	–	(85,871)

	Attributable to owners of the parent							
	Share capital *USD'000*	**Treasury shares** *USD'000*	**Share premium*** *USD'000*	**Exchange fluctuation reserve*** *USD'000*	**Accumulated losses*** *USD'000*	**Sub-total** *USD'000*	**Non-controlling interests** *USD'000*	**Total** *USD'000*
As at 1 January 2019	5	(1)	9,224	146	(95,245)	(85,871)	–	(85,871)
Loss for the year	–	–	–	–	(67,460)	(67,460)	(36)	(67,496)
Other comprehensive loss for the year:								
Exchange differences on translation of foreign operations	–	–	–	(80)	–	(80)	–	(80)
Total comprehensive loss for the year	–	–	–	(80)	(67,460)	(67,540)	(36)	(67,576)
At 31 December 2019	5	(1)	9,224	66	(162,705)	(153,411)	(36)	(153,447)

	Attributable to owners of the parent							
	Share capital *USD'000*	**Treasury shares** *USD'000*	**Share premium** *USD'000*	**Exchange fluctuation reserve** *USD'000*	**Accumulated losses** *USD'000*	**Sub-total** *USD'000*	**Non-controlling interests** *USD'000*	**Total** *USD'000*
As at 1 January 2019	5	(1)	9,224	146	(95,245)	(85,871)	–	(85,871)
Loss for the period (unaudited)	–	–	–	–	(37,517)	(37,517)	(23)	(37,540)
Other comprehensive loss for the period:								
Exchange differences on translation of foreign operations (unaudited)	–	–	–	(95)	–	(95)	–	(95)
Total comprehensive loss for the period (unaudited)	–	–	–	(95)	(37,517)	(37,612)	(23)	(37,635)
At 30 June 2019 (unaudited)	5	(1)	9,224	51	(132,762)	(123,483)	(23)	(123,506)

	Attributable to owners of the parent							
	Share capital *USD'000*	**Treasury shares** *USD'000*	**Share premium*** *USD'000*	**Exchange fluctuation reserve*** *USD'000*	**Accumulated losses*** *USD'000*	**Sub-total** *USD'000*	**Non-controlling interests** *USD'000*	**Total** *USD'000*
As at 1 January 2020	5	(1)	9,224	66	(162,705)	(153,411)	(36)	(153,447)
Loss for the period	–	–	–	–	(48,305)	(48,305)	(77)	(48,382)
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	–	–	–	236	–	236	–	236
Total comprehensive loss for the period	–	–	–	236	(48,305)	(48,069)	(77)	(48,146)
Issue of ordinary shares *(note (26)(a))*	1	(1)	–	–	–	–	–	–
At 30 June 2020	6	(2)	9,224	302	(211,010)	(201,480)	(113)	(201,593)

* These reserve accounts comprise the consolidated reserves of USD(85,875,000), USD(153,415,000) and USD(210,484,000) in the consolidated statements of financial position as at 31 December 2018 and 2019 and 30 June 2020, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		Six months ended 30 June	
		2018	2019	2019	2020
		USD'000	*USD'000*	*USD'000 (Unaudited)*	*USD'000*
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(34,639)	(67,588)	(37,578)	(48,436)
Adjustments for:					
Finance costs	*7*	532	213	68	235
Foreign exchange losses/(gains), net	*8*	214	156	(35)	509
Bank interest income	*6*	(366)	(662)	(246)	(298)
Provision on an amount due from a shareholder	*8*	–	150	–	–
(Gain)/loss on fair value change of convertible redeemable preferred shares	*25*	(2,853)	13,387	4,738	33,162
Excess of the consideration for repurchase over the fair value of preferred shares	*8*	435	–	–	–
Loss on repurchase of restricted shares	*8*	226	–	–	–
Depreciation of property, plant and equipment	*14*	618	2,780	940	2,067
Depreciation of right-of-use assets	*15*	524	1,309	726	600
Amortisation of intangible assets	*16*	433	467	219	275
		(34,876)	(49,788)	(31,168)	(11,886)
Decrease/(increase) in trade receivables		250	(1,431)	13	1,259
(Increase)/decrease in prepayments, other receivables and other assets		(3,788)	(3,207)	1,107	(172)
Increase/(decrease) in trade payables		3,591	4,249	3,826	(5,000)
Increase/(decrease) in contract liabilities		988	3,435	370	(2,639)
Increase/(decrease) in other payables and accruals		576	550	2,225	(502)
Cash used in operations		(33,259)	(46,192)	(23,627)	(18,940)
Income tax paid		(52)	(15)	(15)	–
Net cash flows used in operating activities		(33,311)	(46,207)	(23,642)	(18,940)

	Notes	Year ended 31 December 2018 USD'000	2019 USD'000	Six months ended 30 June 2019 USD'000 (Unaudited)	2020 USD'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of other financial assets		(353)	(581)	(581)	(1,130)
Proceeds from redemption of other financial assets		–	581	–	396
Interest received		366	576	246	288
Purchases of property, plant and equipment		(4,868)	(12,946)	(9,554)	(192)
Purchase of intangible assets		(1)	(231)	(61)	(25)
(Increase)/decrease in time deposits with original maturity of more than three months but less than one year when acquired		(12,000)	9,000	10,000	(15,000)
Net cash flows (used in)/ generated from investing activities		(16,856)	(3,601)	50	(15,663)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of convertible redeemable preferred shares	*25*	96,740	33,000	–	76,000
Transaction costs related to issue of convertible redeemable preferred shares	*7*	(487)	(71)	–	(180)
Payment of repurchase of vested restricted shares	*26(b)*	(564)	–	–	–
Payment of repurchase of convertible preferred shares	*26(b)*	(1,238)	–	–	–
Principal portion of lease liabilities	*15*	(666)	(1,058)	(465)	(279)
Repayment from shareholders		350	300	–	250
Interest portion of lease liabilities	*15*	(45)	(142)	(68)	(55)
Net cash flows generated from/(used in) financing activities		94,090	32,029	(533)	75,736
Net increase/(decrease) in cash and cash equivalents		43,923	(17,779)	(24,125)	41,133
Cash and cash equivalents at beginning of year/period		1,393	45,292	45,292	27,391
Effect of foreign exchange rate changes, net		(24)	(122)	(10)	(84)
Cash and cash equivalents at end of year/period		45,292	27,391	21,157	68,440

	Notes	Year ended 31 December 2018 USD'000	2019 USD'000	Six months ended 30 June 2019 USD'000 (Unaudited)	2020 USD'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances as stated in the consolidated statements of financial position	*20*	60,292	33,391	26,157	89,440
Time deposits with original maturity of more than three months but less than one year when acquired	*20*	(15,000)	(6,000)	(5,000)	(21,000)
Cash and cash equivalents as stated in the consolidated statements of cash flows		45,292	27,391	21,157	68,440

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December 2018 USD'000	2019 USD'000	As at 30 June 2020 USD'000
NON-CURRENT ASSETS				
Interests in subsidiaries	*1*	13,110	13,110	13,110
Total non-current assets		13,110	13,110	13,110
CURRENT ASSETS				
Prepayment, other receivables and other assets		–	–	196
Amounts due from shareholders	*30*	700	250	–
Amounts due from subsidiaries	*30*	99,880	121,179	140,520
Cash and bank balances	*20*	5,976	18,043	74,637
Total current assets		106,556	139,472	215,353
CURRENT LIABILITIES				
Other payables and accruals		16	22	484
Amounts due to subsidiaries	*30*	–	–	64
Total current liabilities		16	22	548
NET CURRENT ASSETS		106,540	139,450	214,805
TOTAL ASSETS LESS CURRENT LIABILITIES		119,650	152,560	227,915
NON-CURRENT LIABILITIES				
Convertible redeemable preferred shares	*25*	155,872	202,259	311,421
Total non-current liabilities		155,872	202,259	311,421
Net liabilities		(36,222)	(49,699)	(83,506)
DEFICIENCY IN EQUITY				
Share capital	*26*	5	5	6
Treasury shares	*26*	(1)	(1)	(2)
Reserves	*27*	(36,226)	(49,703)	(83,510)
Total deficit		(36,322)	(49,699)	(83,506)

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 20 July 2016. The registered office address of the Company is P.O. Box 472, 2nd Floor, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries were engaged in the business of developing innovative therapeutics in the fields of immuno-oncology and immunology diseases.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of business	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Harbour BioMed Holdings Limited *(Note (a))*	British Virgin Islands 8 June 2016	–	100%	–	Investment holding
Harbour BioMed Therapeutics Limited *(Note (b))*	Hong Kong 19 July 2016	USD1	–	100%	Investment holding
Harbour BioMed (Shanghai) Co., Ltd.* (和鉑醫藥(上海)有限責任公司) *(Note (c))*	People's Republic of China ("PRC")/Mainland China 26 December 2016	USD40,000,000	–	100%	Discovering and developing innovative therapeutics
Harbour BioMed (Suzhou) Co., Ltd.* (和鉑醫藥(蘇州)有限公司) *(Note (c))*	PRC/Mainland China 11 September 2018	USD40,000,000	–	100%	Discovering and developing innovative therapeutics
Harbour BioMed (Guangzhou) Co., Ltd.* (和鉑醫藥(廣州)有限公司) *(Note (c))*	PRC/Mainland China 26 December 2017	USD4,000,000	–	100%	Discovering and developing innovative therapeutics
HBM Alpha Therapeutics, Inc. *(Note (a))*	United States 18 October 2018	USD1,000	–	74.65%	Medical and pharmaceutical research
Harbour BioMed US, Inc. *(Note (a))*	United States 11 January 2019	USD0.1	–	100%	Clinical trial
Harbour BioMed Netherlands BV *(Note (d))*	Netherlands 26 April 2019	EUR1	–	100%	Biotechnical research and development
Harbour Antibodies BV *(Note (e))*	Netherlands 27 December 2006	EUR59,398	100%	–	Developing biologic agents
Harbour Antibodies Subholding BV *(Note (e))*	Netherlands 2 May 2013	EUR1	–	100%	Developing biologic agents
Harbour Antibodies H2L2 BV *(Note (e))*	Netherlands 17 September 2013	EUR1	–	100%	Developing biologic agents

Name	Place and date of incorporation/ registration and place of business	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Harbour Antibodies HCAb BV *(Note (e))*	Netherlands 17 September 2013	EUR1	–	100%	Developing biologic agents
Harbour Antibodies US, Inc *(Note (a))*	United States 29 January 2016	USD1	–	100%	Discovering and developing innovative therapeutics
Harbour BioMed Zhiyuan Medical (Beijing) Co., Ltd.* (和鉑志遠醫藥(北京)有限公司) *(Note (f))*	PRC/Mainland China 2 September 2020	RMB10,000,000	–	100%	Sales of medical products
HBM MT Holdings Limited *(Note (a))*	British Virgin Islands 15 September 2020	–	–	100%	Investment holding

Notes:

(a) No audited financial statements have been prepared for these entities since their incorporation as statutory accounts are not required under the relevant rules and regulations in their jurisdictions of incorporation.

(b) The statutory financial statements of the entity for the year ended 31 December 2018 were audited by Cava CPA Limited (加利華會計師事務所有限公司), certified public accountants registered in Hong Kong.

(c) The statutory financial statements of these entities for the year ended 31 December 2018 and 2019 were audited by IPO (Shanghai) Certified Public Accountants (上海德義致遠會計師事務所(普通合夥)), certified public accountants registered in the PRC.

(d) No statutory accounts have been prepared since the entity was newly incorporated in 2019.

(e) The statutory financial statements of these entities for the year ended 31 December 2018 were audited by HLB den Hartog Accountants and Consultants, certified public accountants registered in Netherlands.

(f) No statutory accounts have been prepared since the entity was newly incorporated in 2020.

* The English names of the companies represent the best effort made by management of the Company to directly translate the Chinese names as they do not register any official English names.

2.1 BASIS OF PREPARATION

Notwithstanding that the Group recorded net liabilities of USD201,593,000 as at 30 June 2020 and incurred recurring losses from operations, the Historical Financial Information has been prepared on a going concern basis as the convertible redeemable preferred shares are not redeemable within the next twelve months from 30 June 2020. In addition, subsequent to 30 June 2020, the Group raised an additional USD68,800,000 through the issuance of series C convertible redeemable preferred shares. The Group may seek to obtain financing through equity and debt issuances to finance its financial liabilities and research and development activities and operations. The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from 30 June 2020. The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next twelve months from 30 June 2020.

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRSs effective for the accounting period commencing from 1 January 2020, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for other financial assets and convertible redeemable preferred shares which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial information of the Company and its subsidiaries (collectively referred to as the "Group") for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to IFRS 16	*Covid-19-Related Rent Concession*[1]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[3]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[3]
Annual Improvements to IFRSs 2018-2020	*Minor amendments to:* *– IFRS 1 First-time Adoption of International Financial Reporting Standards*[3] *– IFRS 9 Financial Instruments*[3] *– Illustrative Example accompanying IFRS 16 Leases*[3] *– IAS 41 Agriculture*[3]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IFRS 3	*Reference to the Conceptual Framework*[3]
IFRS 17	*Insurance Contracts*[5]
Amendments to IFRS 17	*Insurance Contracts*[5,6]

Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[5]
Amendments to IFRS 4	*Extension of the Temporary Exemption from Applying IFRS 9*[5]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*[2]

1 Effective for annual period beginning on or after 1 June 2020

2 Effective for annual periods beginning on or after 1 January 2021

3 Effective for annual periods beginning on or after 1 January 2022

4 No mandatory effective date yet determined but available for adoption

5 Effective for annual periods beginning on or after 1 January 2023

6 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs may result in changes in accounting policies and are unlikely to have a significant impact on the Group's results of operations and financial position, other than the amendments to IAS 1 as described below.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify that the classification of liabilities as current or non-current should be based on an entity's right to defer settlement of the liabilities and such right is in existence at the end of the reporting period. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The amendments also make it clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Group expects to adopt the amendments from 1 January 2023. The amendments will result in the classification of any outstanding convertible redeemable preferred shares as current liabilities due to the fact that the convertible redeemable preferred shares are convertible to the Company ordinary shares at any time by the holders.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

The Group measures other financial assets and convertible redeemable preferred shares at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or the groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

  (vi) the entity is controlled or jointly controlled by a person identified in (a);

  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Plant and machinery	20.00–33.33%
Electronic equipment	20.00–33.33%
Furniture and fixtures	20.00–33.33%
Leasehold improvements	Shorter of remaining lease terms and estimated useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Intangible assets are amortised on the straight-line basis over the following useful economic lives:

Software	2 years
Backlog	4 years
Technology licencing agreement	Indefinite

The useful lives of software are assessed by the Group considering different purposes and usage of the software, and the authorised period for use. Backlog are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 4 years. Technology licencing agreement is assessed to have an indefinite useful life as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease terms. Right-of-use assets are subject to impairment.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Debt instruments that do not meet the criteria for amortised cost or financial assets at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statement of profit or loss within other income and gains in the period in which it arises.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, convertible redeemable preferred shares and lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities. The Group has designated its convertible redeemable preferred shares as financial liabilities at fair value through profit or loss, details of which are included in note 25 to the Historical Financial Information.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

The Group recognises revenue from the following major sources:

(a) Technology licence fee

The Group provides licences of its patented technology (the "Harbour Technology") to customers so that customers can use the Group's transgenic mouse platforms (the "Harbour Mice") for the purpose of generating antibodies and commercialisation of antibodies and antibody products in identified fields. The consideration for the licence comprises upfront fees, annual fees, and variable elements (including but not limited to per-mouse fees, development milestone payments and sales-based royalties). The upfront fees and annual fees are recognised as revenue throughout the licence period when customers obtain rights to access the Harbour Technology. Per-mouse fees and development milestone payments are included in the transaction price and recognised as revenue throughout the licence period when it is highly probable that there will not be a subsequent reversal of a significant amount of revenue. Sales-based royalties are not included in the transaction price until customers make the sales. Upfront fees received by the Group are initially recognised as a contract liability.

(b) Molecule licence fee

The Group provides licences of its developed molecules for further development and commercialisation in identified fields to a customer and revenue is recognised when the customer obtains rights to use the underlying molecules.

(c) Platform-based research fee

The Group earns revenues by providing research services based on the Group's Harbour Technology to a customer. Upfront payments received by the Group are initially recognised as a contract liability. Service revenue is recognised at a point in time when the agreed research results are delivered to and accepted by the customer.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract balances

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Group operates a share award plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for share grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information is presented in USD, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain subsidiaries are currencies other than USD. As at the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into USD at the exchange rates prevailing at the end of each of the Relevant Periods and their profit or loss are translated into USD at the weighted average exchange rates for the year or period.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of these entities are translated into USD at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of these entities which arise throughout the year or period are translated into USD at the weighted average exchange rates for the year or period.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Revenue from contracts with customers

When determining whether a licence granted to a customer provides the customer with rights to use, or access, the Group's intellectual property, the following criteria are considered: (a) the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the intellectual property to which the customer has rights; (b) the rights granted by the licence directly expose the customer to any positive or negative effects of the Group's activities identified in (a); and (c) those activities do not result in the transfer of a good or a service to the customer as those activities occur. When all criteria are met, the licence granted the customer with

rights to access the Group's intellectual property. Management judgements are required based on the terms of the contracts and the nature of the intellectual property to consider whether continuous activities, that do not transfer good or service, will be undertaken by the Group to significantly affect the intellectual property.

The Group also makes judgement to determine the method used in estimating the variable consideration and whether the amount of variable consideration is constrained. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group determined that the most likely amount method is the appropriate method to use in estimating the variable consideration, since reaching requirements of a milestone or other variable consideration is an either-or situation. If a milestone or other variable consideration relates specifically to the Group's efforts to satisfy a single performance obligation or to a specific outcome from satisfying the performance obligation, the Group generally allocates that milestone amount entirely to that performance obligation once it is probable that a significant revenue reversal would not occur.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each of the Relevant Periods. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit using key assumptions such as the growth rate, the gross margin and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of non-financial assets are set out in notes 14, 15 and 16 to the Historical Financial Information.

Fair value of convertible redeemable preferred shares measured at fair value through profit or loss

The convertible redeemable preferred shares issued by the Company are not traded in an active market and the respective fair value is determined by using valuation techniques, including back-solve method and equity allocation model. Valuation techniques are verified by an independent and recognised international business valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Key assumptions include the risk-free interest rate, discounts for lack of marketability ("DLOM") and volatility. The fair values of convertible redeemable preferred shares at 31 December 2018 and 2019 and 30 June 2020 were USD155,872,000, USD202,259,000 and USD311,421,000, respectively. Further details are set out in note 25 to the Historical Financial Information.

5. SEGMENT INFORMATION

Operating segment information

For management purposes, the Group has only one reportable operating segment, which is the development of innovative therapeutics in the fields of immuno-oncology and immunology diseases. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		Six months ended 30 June	
	2018	**2019**	**2019**	**2020**
	USD'000	*USD'000*	*USD'000*	*USD'000*
			(Unaudited)	
Mainland China	252	4,487	183	5,543
United States	981	727	270	422
Europe	161	161	80	78
Others	89	44	23	27
	1,483	5,419	556	6,070

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	As at 31 December		As at 30 June
	2018	**2019**	**2020**
	USD'000	*USD'000*	*USD'000*
Mainland China	6,603	14,580	12,363
Europe	8,428	7,996	7,780
United States	537	442	393
	15,568	23,018	20,536

Except for the intangible asset information which is based on the countries of the respective subsidiaries owning the assets, other non-current asset information above is based on the locations of the assets.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group during the Relevant Periods and the six months ended 30 June 2019 is as follows:

	Year ended 31 December		Six months ended 30 June	
	2018	**2019**	**2019**	**2020**
	USD'000	*USD'000*	*USD'000*	*USD'000*
			(Unaudited)	
Customer A	N/A	2,737	N/A	5,359
Customer B	N/A	1,450	N/A	N/A
Customer C	210	N/A	N/A	N/A
Customer D	200	N/A	N/A	N/A
Customer E	161	N/A	80	N/A
Customer F	N/A	N/A	108	N/A
Customer G	N/A	N/A	67	N/A
	571	4,187	255	5,359

N/A: Revenue from these customers for the years/periods indicated is less than 10% of the total revenue of the Group and therefore is not disclosed.

6. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		Six months ended 30 June	
	2018	**2019**	**2019**	**2020**
	USD'000	*USD'000*	*USD'000*	*USD'000*
			(Unaudited)	
Type of goods or services				
– Technology licence fee	1,483	1,232	556	711
– Molecule licence fee	–	2,737	–	5,359
– Platform-based research fee	–	1,450	–	–
	1,483	5,419	556	6,070

Revenue from contracts with customers

(i) Disaggregated revenue information

	Year ended 31 December		Six months ended 30 June	
	2018	**2019**	**2019**	**2020**
	USD'000	*USD'000*	*USD'000*	*USD'000*
			(Unaudited)	
Timing of revenue recognition				
At a point in time				
– Molecule licence fee	–	2,737	–	5,359
– Platform-based research fee	–	1,450	–	–
Over time				
– Technology licence fee	1,483	1,232	556	711
	1,483	5,419	556	6,070

The following table shows the amounts of revenue recognised in each of the Relevant Periods and the six months ended 30 June 2019 that were included in the contract liabilities at the beginning of the respective period:

	Year ended 31 December		Six months ended 30 June	
	2018	**2019**	**2019**	**2020**
	USD'000	*USD'000*	*USD'000*	*USD'000*
			(Unaudited)	
Technology licence fee	5	159	67	103
Molecule licence fee	–	–	–	2,680
Platform-based research fee	–	151	–	–
	5	310	67	2,783

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Technology licence fee

The performance obligation is satisfied over time throughout the licence period as the customers are granted rights to access know-hows which the Group has exclusive rights to use. Upfront payment is generally due within 10 days after the effective date of contract, other payment is generally due within 30 to 45 days from the date of billing.

Molecule licence fee

The performance obligation is satisfied at a point in time as the customer obtains right to use the underlying licences and payment is generally due within 10 business days from the date of billing.

Platform-based research fee

The performance obligation is satisfied at a point in time when research results are delivered to and accepted by the customer and payment is generally due within 30 days from the date of billing.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods are as follows:

	As at 31 December		As at 30 June
	2018	**2019**	**2020**
	USD'000	*USD'000*	*USD'000*
Amounts expected to be recognised as revenue:			
– Within one year	2,789	8,332	4,003
– After one year	8,491	7,408	5,421
	11,280	15,740	9,424

The above remaining performance obligations mainly relate to the contracts of licences and platform-based research fee. The amounts expected to be recognised after one year relate to performance obligations that will be satisfied in the coming 3 years. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gains is as follows:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	USD'000	*USD'000*	*USD'000*	*USD'000*
			(Unaudited)	
Other income and gains				
– Government grants recognised*	151	903	100	48
– Interest income	366	662	246	298
– Others	11	16	8	3
	528	1,581	354	349

* Government grants have been received from the PRC local government authorities to support the subsidiaries' research and development activities. There are no unfulfilled conditions related to these government grants.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	USD'000	*USD'000*	*USD'000*	*USD'000*
			(Unaudited)	
Transaction costs for the issue of convertible redeemable preferred shares	487	71	–	180
Interest on lease liabilities	45	142	68	55
	532	213	68	235

8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after (charging)/crediting:

	Notes	Year ended 31 December		Six months ended 30 June	
		2018	**2019**	**2019**	**2020**
		USD'000	*USD'000*	*USD'000*	*USD'000*
				(Unaudited)	
Cost of sales		(647)	(623)	(291)	(287)
Depreciation of property, plant and equipment	*14*	(618)	(2,780)	(940)	(2,067)
Depreciation of right-of-use assets	*15*	(524)	(1,309)	(726)	(600)
Amortisation of intangible assets	*16*	(433)	(467)	(219)	(275)
Employee benefit expense (including directors' remuneration):					
– Wages and salaries		(9,821)	(17,476)	(8,653)	(7,828)
– Pension scheme contributions		(526)	(886)	(457)	(131)
Provision on an amount due from a shareholder		–	(150)	–	–
Gain/(loss) on fair value change of convertible redeemable preferred shares	*25*	2,853	(13,387)	(4,738)	(33,162)
Loss on repurchase of restricted shares		(226)	–	–	–
Excess of the consideration for repurchase over the fair value of preferred shares		(435)	–	–	–
Listing expenses		–	–	–	(590)
Auditors' remuneration		(84)	(26)	(13)	–
Lease expenses arising from short-term leases*	*15*	(173)	(343)	(192)	(144)
Foreign exchange (losses)/gains, net		(214)	(156)	35	(509)

* The Group applies the available practical expedients of IFRS 16 wherein it applies the short-term lease exemption to leases with a lease term that ends within 12 months from the lease commencement date.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Mr. Jingsong Wang, Mr. Maijing Liao, and Mr. Xiaoxiang Chen were appointed as the executive directors of the Company on 20 July 2016, 18 January 2018, and 16 August 2018, respectively. Mr. Xiaoxiang Chen resigned as a director of the Company from 8 August 2020. Dr. Atul Mukund Deshpande was appointed as an executive director of the Company on 10 August 2020.

Mr. Korwin Chiu, Mr. Yumin Qiu and Mr. Junfeng Wang were appointed as the non-executive directors of the Company on 16 August 2018, 7 December 2016 and 21 March 2018, respectively. Mr. Korwin Chiu resigned as a director of the Company from 17 August 2020.

Dr. Robert Irwin Kamen was appointed as the independent non-executive director of the Company on 7 December 2016.

Mr. Jingsong Wang, Mr. Maijing Liao, and Mr. Xiaoxiang Chen received remuneration from the subsidiaries for their appointment as directors of these subsidiaries. The directors' remuneration as recorded in the Historical Financial Information is set out below:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	USD'000	*USD'000*	*USD'000*	*USD'000*
			(Unaudited)	
Fees	–	–	–	–
Other emoluments:				
– Salaries, allowances and benefits in kind	1,243	1,355	689	705
– Pension scheme contributions	8	7	4	1
	1,251	1,362	693	706

(a) Independent non-executive directors

There were no fees and other emoluments payable to the independent non-executive director during the Relevant Periods and the six months ended 30 June 2019.

(b) Executive directors, non-executive directors and the chief executive

		Other emoluments		
Year ended 31 December 2018	**Fees**	**Salaries, allowances and benefits in kind**	**Pension scheme contributions**	**Total**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Executive directors:				
Mr. Jingsong Wang	–	611	–	611
Mr. Maijing Liao	–	331	–	331
Mr. Xiaoxiang Chen	–	301	8	309
Non-executive directors:				
Mr. Korwin Chiu	–	–	–	–
Mr. Yumin Qiu	–	–	–	–
Mr. Junfeng Wang	–	–	–	–
	–	1,243	8	1,251

Year ended 31 December 2019	Fees	Other emoluments: Salaries, allowances and benefits in kind	Other emoluments: Pension scheme contributions	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*
Executive directors:				
Mr. Jingsong Wang	–	622	–	622
Mr. Maijing Liao	–	389	–	389
Mr. Xiaoxiang Chen	–	344	7	351
Non-executive directors:				
Mr. Korwin Chiu	–	–	–	–
Mr. Yumin Qiu	–	–	–	–
Mr. Junfeng Wang	–	–	–	–
	–	1,355	7	1,362

Six months ended 30 June 2019 (Unaudited)	Fees	Other emoluments: Salaries, allowances and benefits in kind	Other emoluments: Pension scheme contributions	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*
Executive directors:				
Mr. Jingsong Wang	–	316	–	316
Mr. Maijing Liao	–	200	–	200
Mr. Xiaoxiang Chen	–	173	4	177
Non-executive directors:				
Mr. Korwin Chiu	–	–	–	–
Mr. Yumin Qiu	–	–	–	–
Mr. Junfeng Wang	–	–	–	–
	–	689	4	693

Six months ended 30 June 2020	Fees	Other emoluments: Salaries, allowances and benefits in kind	Other emoluments: Pension scheme contributions	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*
Executive directors:				
Mr. Jingsong Wang	–	332	–	332
Mr. Maijing Liao	–	208	–	208
Mr. Xiaoxiang Chen	–	165	1	166
Non-executive directors:				
Mr. Korwin Chiu	–	–	–	–
Mr. Yumin Qiu	–	–	–	–
Mr. Junfeng Wang	–	–	–	–
	–	705	1	706

* Mr. Jingsong Wang is also the chief executive of the Company, and his remuneration disclosed above included the services rendered by him as the chief executive.

Mr. Korwin Chiu, Mr. Yumin Qiu and Mr. Junfeng Wang waived or agreed to waive their remuneration during the Relevant Periods and the six months ended 30 June 2019.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2018 and 2019 and six months ended 30 June 2019 and 2020 included 3, 3, 3 and 3 directors, respectively, details of whose remuneration are set out in note 9 above. Details of the remaining 2 highest paid employees for the Relevant Periods and the six months ended 30 June 2019 are as follows:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	USD'000	*USD'000*	*USD'000*	*USD'000*
			(Unaudited)	
Salaries, allowances and benefits in kind	374	830	420	464
	374	830	420	464

The number of the non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
			(Unaudited)	
HK$1,000,001 to HK$1,500,000	2	–	1	1
HK$1,500,001 to HK$2,000,000	–	–	1	–
HK$2,000,001 to HK$2,500,000	–	–	–	1
HK$2,500,001 to HK$3,000,000	–	1	–	–
HK$3,500,001 to HK$4,000,000	–	1	–	–
	2	2	2	2

During the Relevant Periods and the six months ended 30 June 2019, no remuneration was paid by the Group to the directors or any of the five highest paid employees as an inducement to join or upon joining the Group, or as compensation for loss of office.

11. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the countries/jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

British Virgin Islands

Pursuant to the rules and regulations of the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the BVI.

Hong Kong

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Relevant Periods and the six months ended 30 June 2019. The subsidiary which operates in Hong Kong is subject to profits tax at a rate of 8.25% applies to the first HK$2,000,000 of assessable profits, the remaining assessable profits is subject to profits tax at a rate of 16.5%.

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the subsidiaries which operate in Mainland China are subject to corporate income tax ("CIT") at a rate of 25% on the taxable income. No provision for Mainland China CIT has been made as the Group had no assessable profits derived from or earned in Mainland China during the Relevant Periods and the six months ended 30 June 2019.

Netherlands

No provision for Netherlands profits tax has been made as the Group had no assessable profits derived from or earned in Netherlands during the Relevant Periods and the six months ended 30 June 2019. For the year ended 31 December 2018, a tax rate of 20% is applied to the first EUR200,000 of taxable income, the excess amount is subject to corporate income tax at a rate of 25%. For the year ended 31 December 2019, a tax rate of 19% is applied to the first EUR200,000 of taxable income, the excess amount is subject to corporate income tax at a rate of 25%. For the six months ended 30 June 2020, a tax rate of 16.5% is applied to the first EUR200,000 of taxable income, the excess amount is subject to corporate income tax at a rate of 25%.

United States

No provision for United States corporate income tax has been made as the Group had no assessable profits derived from or earned in the United States during the Relevant Periods and the six months ended 30 June 2019. The subsidiaries which operate in US are subject to federal income tax at a rate of 21% and the Massachusetts state income tax at a rate of 8% on the taxable income.

The major components of income tax expense of the Group are as follows:

	Year ended 31 December		Six months ended 30 June	
	2018	**2019**	**2019**	**2020**
	USD'000	*USD'000*	*USD'000*	*USD'000*
			(Unaudited)	
Current income tax	–	16	16	–
Under provision in prior years	52	–	–	–
Deferred income tax *(note 24)*	(108)	(108)	(54)	(54)
Total tax credit for the year/period	(56)	(92)	(38)	(54)

A reconciliation of the tax credit applicable to loss before tax at the statutory rate applicable in Mainland China to the tax expense at the effective tax rates is as follows:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	USD'000	*USD'000*	*USD'000*	*USD'000*
			(Unaudited)	
Loss before tax	(34,639)	(67,588)	(37,578)	(48,436)
Tax at a tax rate of 25%	(8,660)	(16,897)	(9,395)	(12,109)
Effect of different tax rates enacted by local authorities	1,411	5,363	2,602	8,776
Tax losses not recognised	5,289	11,361	5,486	4,293
Expenses not deductible for tax purposes	3,523	3,726	2,693	577
Additional deductible allowance for qualified research and development costs	(1,671)	(3,661)	(1,440)	(1,509)
Tax losses utilised from previous periods	–	–	–	(82)
Others	52	16	16	–
Tax credit at the Group's effective tax rate	(56)	(92)	(38)	(54)

12. DIVIDENDS

No dividend has been paid or declared by the Company and its subsidiaries during the Relevant Periods and the six months ended 30 June 2019.

13. LOSS PER SHARE

The calculation of the basic loss per share amounts is based on the loss attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the Relevant Periods and the six months ended 30 June 2019.

The calculation of the diluted loss per share amounts is based on the loss for the year attributable to the owners of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the Relevant Periods and the six months ended 30 June 2019, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares. During the Relevant Periods and the six months ended 30 June 2019, the Company had two categories of potential ordinary shares, the Preferred Shares (note 25) and the restricted shares (note 28).

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
			(Unaudited)	
Loss				
Loss attributable to owners of the parent (USD'000)	(34,583)	(67,460)	(37,517)	(48,305)
Share				
Weighted average number of ordinary shares in issue during the year/period used in the basic loss per share calculation	2,764,529	2,948,959	2,900,525	3,086,428
Loss per share (basic and diluted) (USD per share)	(12.51)	(22.88)	(12.93)	(15.65)

As the Group incurred losses for the Relevant Periods and the six months ended 30 June 2019, the potential ordinary shares were not included in the calculation of diluted loss per share as the potential ordinary shares had an anti-dilutive effect on the basic loss per share of each year/period. Accordingly, the diluted loss per share for the Relevant Periods and the six months ended 30 June 2019 are the same as the basic loss per share.

14. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery *USD'000*	Electronic equipment *USD'000*	Furniture and fixtures *USD'000*	Leasehold improvements *USD'000*	Total *USD'000*
31 December 2018					
Cost					
As at 1 January 2018	1,577	49	32	132	1,790
Additions	2,661	135	–	101	2,897
Exchange differences	(56)	(3)	(1)	20	(40)
As at 31 December 2018	4,182	181	31	253	4,647
Accumulated depreciation					
As at 1 January 2018	(157)	(7)	(7)	(42)	(213)
Charge for the year	(493)	(31)	(11)	(83)	(618)
Exchange differences	20	1	1	4	26
As at 31 December 2018	(630)	(37)	(17)	(121)	(805)
Net carrying amount					
As at 1 January 2018	1,420	42	25	90	1,577
As at 31 December 2018	3,552	144	14	132	3,842
31 December 2019					
Cost					
As at 1 January 2019	4,182	181	31	253	4,647
Additions	7,881	201	147	3,770	11,999
Exchange differences	(57)	(3)	–	(46)	(106)
As at 31 December 2019	12,006	379	178	3,977	16,540
Accumulated depreciation					
As at 1 January 2019	(630)	(37)	(17)	(121)	(805)
Charge for the year	(1,713)	(92)	(33)	(942)	(2,780)
Exchange differences	27	1	1	13	42
As at 31 December 2019	(2,316)	(128)	(49)	(1,050)	(3,543)
Net carrying amount					
As at 1 January 2019	3,552	144	14	132	3,842
As at 31 December 2019	9,690	251	129	2,927	12,997

	Plant and machinery *USD'000*	Electronic equipment *USD'000*	Furniture and fixtures *USD'000*	Leasehold improvements *USD'000*	Total *USD'000*
30 June 2020					
Cost					
As at 1 January 2020	12,006	379	178	3,977	16,540
Additions	150	–	3	31	184
Exchange differences	(166)	(5)	(3)	(58)	(232)
As at 30 June 2020	11,990	374	178	3,950	16,492
Accumulated depreciation					
As at 1 January 2020	(2,316)	(128)	(49)	(1,050)	(3,543)
Charge for the period	(1,180)	(58)	(22)	(807)	(2,067)
Exchange differences	36	2	–	20	58
As at 30 June 2020	(3,460)	(184)	(71)	(1,837)	(5,552)
Net carrying amount					
As at 1 January 2020	9,690	251	129	2,927	12,997
As at 30 June 2020	8,530	190	107	2,113	10,940

As at 31 December 2018 and 2019 and 30 June 2020, there were no pledged property, plant and equipment.

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases certain buildings for its office and laboratory use. The movements in right-of-use assets and lease liabilities during each of the Relevant Periods are as follows:

	As at 31 December 2018 *USD'000*	2019 *USD'000*	As at 30 June 2020 *USD'000*
Right-of-use assets			
Carrying amount at the beginning of the year/period	238	3,297	1,829
Additions	3,577	228	525
Depreciation charge	(524)	(1,309)	(600)
Exchange differences	6	(39)	(22)
Termination	–	(348)	(75)
Carrying amount at the end of the year/period	3,297	1,829	1,657

	As at 31 December		As at 30 June
	2018	2019	2020
	USD'000	*USD'000*	*USD'000*
Lease liabilities			
Carrying amount at the beginning of the year/period	245	3,143	1,908
New leases	3,577	228	525
Interest during the year/period	45	142	55
Payments	(711)	(1,200)	(334)
Exchange differences	(13)	(53)	(28)
Termination	–	(352)	(93)
Carrying amount at the end of the year/period	3,143	1,908	2,033
Analysed into:			
Current portion	1,134	1,134	1,448
Non-current portion	2,009	774	585

The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	USD'000	*USD'000*	*USD'000* (Unaudited)	*USD'000*
Interest on lease liabilities	45	142	68	55
Depreciation charge of right-of-use assets	524	1,309	726	600
Expense relating to short-term leases	173	343	192	144
Total amount recognised in profit or loss	742	1,794	986	799

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	USD'000	*USD'000*	*USD'000* (Unaudited)	*USD'000*
Within operating activities	173	343	192	144
Within financing activities	711	1,200	533	334
	884	1,543	725	478

16. INTANGIBLE ASSETS

The movements in intangible assets during each of the Relevant Periods are as follows:

	Software *USD'000*	Backlog* *USD'000*	Technology licencing agreement* *USD'000*	Total *USD'000*
31 December 2018				
Cost				
As at 1 January 2018	–	1,728	7,600	9,328
Additions	2	–	–	2
As at 31 December 2018	2	1,728	7,600	9,330
Amortisation				
As at 1 January 2018	–	(468)	–	(468)
Charge for the year	(1)	(432)	–	(433)
As at 31 December 2018	(1)	(900)	–	(901)
Net carrying amount				
As at 31 December 2018	1	828	7,600	8,429
31 December 2019				
Cost				
As at 1 January 2019	2	1,728	7,600	9,330
Additions	231	–	–	231
Exchange differences	(1)	–	–	(1)
As at 31 December 2019	232	1,728	7,600	9,560
Amortisation				
As at 1 January 2019	(1)	(900)	–	(901)
Charge for the year	(35)	(432)	–	(467)
As at 31 December 2019	(36)	(1,332)	–	(1,368)
Net carrying amount				
As at 31 December 2019	196	396	7,600	8,192
30 June 2020				
Cost				
As at 1 January 2020	232	1,728	7,600	9,560
Additions	25	–	–	25
Exchange differences	(3)	–	–	(3)
As at 30 June 2020	254	1,728	7,600	9,582
Amortisation				
As at 1 January 2020	(36)	(1,332)	–	(1,368)
Charge for the period	(59)	(216)	–	(275)
As at 30 June 2020	(95)	(1,548)	–	(1,643)
Net carrying amount				
As at 30 June 2020	159	180	7,600	7,939

* Technology licencing agreement was recognised from the Group's acquisition of Harbour Antibodies BV and its subsidiaries ("HA Group") in 2016 (the "2016 Acquisition") for HA Group's licence agreement with the licensors, who exclusively licensed the Harbour Technology to HA Group to research, develop, manufacture, market, supply, keep or otherwise exploit antibodies in all fields of use and to sublicense the Harbour Technology, which the licensors will further develop together with the characteristic of the Harbour Mice through providing research consultancy services to Harbour Antibodies BV.

Backlog was recognised from the 2016 Acquisition for the then existing technology out-licencing agreements of HA Group, in which HA Group licensed the Harbour Technology to its customers.

Impairment testing of technology licencing agreement

As the technology licencing agreement between HA Group and the licensors has no expiration date and HA Group had a long-term cooperation history with the licensors for further development of the Harbour Technology, the Group expects the technology licencing agreement with the licensors to have an indefinite useful life. Management tests the technology licencing agreement with indefinite useful life for impairment annually by comparing its carrying amount with its recoverable amount.

The recoverable amount of the technology licencing agreement is determined based on the fair value less costs of disposal, and the fair value of the technology licencing agreement is determined using the relief from royalty method taking into account the nature of the asset, using cash flow projections based on financial budgets covering a 14-year period, and the growth rate used to extrapolate the cash flows beyond the 14-year period is 3%, which is close to the long-term inflation rate. Management believes that using a 14-year forecast period is appropriate because it generally takes longer for a biotechnology company to use the technologies to generate therapeutics and develop them into products to reach perpetual growth mode when the market of such products is developing with substantial growth potential. Hence, financial budget covering a 14-year period is more feasible and reflects a more accurate value. The fair value measurement hierarchy of the technology licencing agreement was level 3. Other key assumptions to the valuation model used are as follows:

	As at 31 December		As at 30 June
	2018	**2019**	**2020**
Discount rates	22.0%	20.2%	20.2%
Royalty rates	6.0%	6.0%	6.0%

Discount rates – The discount rates used are before tax and reflect specific risks relating to the technology licencing agreement.

Royalty rates – The basis used to determine the value assigned to royalty rates is the market royalty rate where the technology licencing agreement is located, taking into account the profitability of the Group and other qualitative factors.

The following table sets forth the impact of reasonably possible changes in each of the key assumptions, with all other variables held constant, on impairment testing of the technology licencing agreement as of the dates indicated.

	Recoverable amount of the technology licencing agreement exceeds its carrying amount decrease by		
	As at 31 December		As at 30 June
Possible changes of key assumptions	**2018**	**2019**	**2020**
	USD'000	*USD'000*	*USD'000*
Discount rates increased by 1%	2,600	1,400	1,400
Royalty rates decreased by 1%	5,200	2,700	2,800

As of 31 December 2018 and 2019 and 30 June 2020, the recoverable amounts of the technology licencing agreement exceeded the carrying amounts by US$23.8 million, US$8.6 million and US$9.7 million, respectively. With regard to the assessment of fair value, management believes that no reasonably possible changes in any of the key assumptions would cause the recoverable amount of the technology licencing agreement to be materially lower than its carrying amount.

17. TRADE RECEIVABLES

	As at 31 December		As at 30 June
	2018	2019	2020
	USD'000	*USD'000*	*USD'000*
Within 3 months	228	1,673	425
	228	1,673	425

The Group's trading terms with its customers are based on the payment schedule of the contracts with normal credit terms of 10 to 45 days from the day of billing.

The ageing of trade receivables as at the end of each of the Relevant Periods, based on the date of invoice or the date of the service rendered, is less than three months and the expected credit loss is minimal.

Trade receivables are non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values.

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 31 December		As at 30 June
	2018	2019	2020
	USD'000	*USD'000*	*USD'000*
Prepayments *(i)*	3,985	7,307	8,163
Deposits	460	381	385
Value-added tax recoverable	727	3,016	2,505
Interest receivables	–	23	24
Other receivables	1,137	44	51
	6,309	10,771	11,128

(i) Prepayments primarily consist of prepayments made in connection with the purchase of reagents and research and development related services, and other prepaid expenses.

The financial assets included in the above balances are non-interest-bearing, unsecured and repayable on demand.

The financial assets included in the above balances relate to receivables for which there were no recent history of default. In addition, there is no significant change in the economic factors based on the assessment of the forward-looking information, so the directors of the Company are of the opinion that the expected credit loss in respect of these balances is minimal.

19. OTHER FINANCIAL ASSETS

	As at 31 December		As at 30 June
	2018	2019	2020
	USD'000	*USD'000*	*USD'000*
Investments in financial products at fair value through profit or loss	402	396	1,130

The amount represents investments in certain financial products issued by a commercial bank in Mainland China. The financial products are principal-protected and their returns are not guaranteed. The expected interest rates ranged from 2.60% to 4.35% per annum and the products can be redeemed by the Group at any time.

20. CASH AND BANK BALANCES

Group

	As at 31 December		As at 30 June
	2018	2019	2020
	USD'000	*USD'000*	*USD'000*
Cash and bank balances	60,292	33,391	89,440
Less:			
Time deposits with original maturity of more than three months but less than one year when acquired	(15,000)	(6,000)	(21,000)
Cash and cash equivalents	45,292	27,391	68,440
Denominated in:			
USD	59,572	27,828	83,392
RMB	340	5,512	5,902
Others	380	51	146
	60,292	33,391	89,440

Company

	As at 31 December		As at 30 June
	2018	2019	2020
	USD'000	*USD'000*	*USD'000*
Cash and bank balances	5,976	18,043	74,637
Less:			
Time deposits with original maturity of more than three months but less than one year when acquired	(5,000)	(6,000)	(21,000)
Cash and cash equivalents	976	12,043	53,637
Denominated in:			
USD	5,976	18,043	74,637

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. The remittance of funds out of Mainland China is subject to exchange restrictions imposed by the PRC government.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between seven days and twelve months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

21. TRADE PAYABLES

An analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December		As at 30 June
	2018	2019	2020
	USD'000	*USD'000*	*USD'000*
Within 1 month	3,627	6,643	2,116
1-3 months	432	2,616	233
3-6 months	304	34	–
6-12 months	650	24	2,021
	5,013	9,317	4,370

The trade payables are non-interest-bearing and are normally settled on terms of 1 to 3 months.

22. OTHER PAYABLES AND ACCRUALS

	As at 31 December		As at 30 June
	2018	2019	2020
	USD'000	*USD'000*	*USD'000*
Payroll and welfare	1,143	2,078	1,422
Other tax payables	96	154	96
Other payables	675	414	768
Other accrued expenses	326	388	407
	2,240	3,034	2,693

Other payables are non-interest-bearing and repayable on demand. The carrying amounts of financial liabilities included in other payables and accruals approximate to their fair values.

23. CONTRACT LIABILITIES

	As at	As at		
	1 January	31 December		As at 30 June
	2018	2018	2019	2020
	USD'000	*USD'000*	*USD'000*	*USD'000*
Amounts received in advance for the technology licence fee	5	266	570	660
Amounts received in advance for molecule licence fee	–	–	2,712	–
Amounts received in advance for platform-based research fee	–	729	1,147	1,130
	5	995	4,429	1,790

The increase in contract liabilities in 2018 and 2019 was mainly due to the increase in advance receipts related to platform-based research fee and molecule licence fee. The decrease in contract liabilities as at 30 June 2020 was mainly due to the satisfaction of the performance obligation related to molecule licence.

24. DEFERRED TAX

The movements in deferred tax liabilities during the Relevant Periods are as follows:

	Fair value adjustments arising from acquisition of subsidiaries *USD'000*
As at 1 January 2018	2,215
Deferred tax credited to the consolidated statements of profit or loss during the year *(note 11)*	(108)
As at 31 December 2018 and 1 January 2019	2,107
Deferred tax credited to the consolidated statements of profit or loss during the year *(note 11)*	(108)
As at 31 December 2019 and 1 January 2020	1,999
Deferred tax credited to the consolidated statements of profit or loss during the period *(note 11)*	(54)
As at 30 June 2020	1,945

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December		**As at 30 June**
	2018	**2019**	**2020**
	USD'000	*USD'000*	*USD'000*
Tax losses	29,720	74,669	91,815
	29,720	74,669	91,815

The following table shows the tax losses information based on the locations of subsidiaries:

	As at 31 December		**As at 30 June**
	2018	**2019**	**2020**
	USD'000	*USD'000*	*USD'000*
Mainland China (tax losses expire in one to five years)	23,477	64,568	80,097
Netherlands (tax losses expire in one to five years)	6,243	8,341	9,302
United States (tax losses with no expiration)	–	1,760	2,416
	29,720	74,669	91,815

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

25. PREFERRED SHARES

In November 2016, the Company issued 387,000 series A2 convertible preferred shares with par value of USD0.001 per share (the "Series A2 Preferred Shares") to its founders at a cash consideration of USD2,500,000 or USD6.4599 per share, of which 73,530, 73,530 and 7,740 shares were repurchased by the Company in 2017, 2018 and 2019, respectively.

In December 2016 and January 2017, the Company issued 2,628,947 and 701,053 series A1 convertible and redeemable preferred shares with par value of USD0.001 per share (the "Series A1 Preferred Shares") to a group of investors (the "Series A1 Investors"), respectively, at a cash consideration of USD47,500,000 or USD14.2643 per share.

In January 2018, the Company issued 697,604 series A3 convertible and redeemable preferred shares with par value of USD0.001 per share (the "Series A3 Preferred Shares") to a group of investors (the "Series A3 Investors") at a cash consideration of USD11,740,000 or USD16.829 per share.

In August 2018, the Company issued 2,045,468 series B convertible and redeemable preferred shares with par value of USD0.001 per share (the "Series B Preferred Shares") to a group of investors (the "Series B Investors") at a cash consideration of USD85,000,000 or USD41.555 per share.

In October 2019, December 2019 and March 2020, the Company issued 480,153, 274,373 and 960,308 series B2 convertible and redeemable preferred shares with par value of USD0.001 per share (the "Series B2 Preferred Shares") to a group of investors (the "Series B2 Investors") at a cash consideration of USD21,000,000, USD12,000,000 and USD42,000,000, or USD43.736 per share, respectively.

In June 2020, the Company issued 686,008 series C convertible and redeemable preferred shares with par value of USD0.001 per share (the "Series C Preferred Shares", together with the Series A1 Preferred Shares, Series A3 Preferred Shares, Series B Preferred Shares and Series B2 Preferred Shares as the "Convertible Redeemable Preferred Shares"), to a group of investors (the "Series C Investors") at a cash consideration of USD34,000,000 or USD49.562 per share.

According to the amended and restated Memorandum and Articles of Association ("MOA") of the Company passed in June 2020, the key terms of the Series A1 Preferred Shares, Series A2 Preferred Shares, Series A3 Preferred Shares, Series B Preferred Shares, Series B2 Preferred Shares and Series C Preferred shares (collectively, the "Preferred Shares") are as follows:

Conversion rights (applicable for Preferred Shares)

Each holder of the Preferred Shares shall have the right, at such holder's sole discretion, to convert all or any portion of the Preferred Shares into ordinary shares at any time by the conversion price then in effect at the date of the conversion (the "Conversion Price"). The initial Conversion Price for the Preferred Shares will be the applicable Preferred Share issue price (i.e., a 1-to-1 initial conversion ratio), which will be subject to adjustments to reflect share dividends, share splits, recapitalisation and adjustment upon issuance of new securities for a consideration per share less than the Conversion Price.

Each Preferred Share shall automatically be converted into ordinary shares, at the then applicable Preferred Share Conversion Price upon the closing of a Qualified IPO (see definition below).

A Qualified IPO means the closing of a registered underwritten public offering by the Company of its ordinary shares on a reputable securities exchange in the United States, Hong Kong or China, the New York Stock Exchange or the NASDAQ Global Market in the United States, the Main Board of the Hong Kong Stock Exchange, Taiwan Stock Exchange, Shanghai Stock Exchange and Shenzhen Stock Exchange, or any other securities exchange in any jurisdiction (but excluding the National Equities Exchange and Quotations in China) approved by holders of two thirds (2/3) of the Preferred Shares, at a minimum pre-money valuation of the Group which shall not be lower than the higher of (1) USD615,000,000 and (2) an amount that would give each holder of Series B Preferred Shares, each holder of Series B2 Preferred Shares and each holder of Series C Preferred Shares a twenty percent (20%) internal return rate for its investment in the Company and, for the avoidance of doubt, all dividends distributed by the Company to such holder of Series B Preferred Shares, such holder of Series B2 Preferred Shares and such holder of Series C Preferred Shares shall be included as a part of the return when calculating the internal return rate.

Redemption feature (applicable only for Convertible Redeemable Preferred Shares)

If the Company has not consummated a Qualified IPO or a Qualified Trade Sale (see definition below) within three (3) years after the closing of Series C financing or the Company has received a notice of redemption by such holder of any other series of the Convertible Redeemable Preferred Shares to be redeemed, a holder of Series C Preferred Shares or the holders of a majority of each other class of the Convertible Redeemable Preferred Shares (Series A1 Preferred Shares and Series A3 Preferred Shares voting as a single class) may request the Company to redeem all or part of the Convertible Redeemable Preferred Shares then outstanding by such holders out of funds legally available therefor.

The price at which each Series C Preferred Share is redeemed shall be the greater of (1) an amount that would give each holder of Series C Preferred Shares an eight percent (8%) internal return rate for its investment in the Company plus all accrued but unpaid dividends and (2) the then fair market value of the Series C Preferred Shares.

The price at which each Series B2 Preferred Share is redeemed shall be the greater of (1) an amount that would give each holder of Series B2 Preferred Shares an eight percent (8%) internal return rate for its investment in the Company plus all accrued but unpaid dividends and (2) the then fair market value of the Series B2 Preferred Shares.

The price at which each Series B Preferred Share is redeemed shall be the greater of (1) an amount that would give each holder of Series B Preferred Shares an eight percent (8%) internal return rate for its investment in the Company plus all accrued but unpaid dividends and (2) the then fair market value of the Series B Preferred Shares.

The price at which each Series A1 Preferred Share and Series A3 Preferred Shares is redeemed shall respectively be the applicable Series A1 Preferred Share issue price and the applicable Series A3 Preferred Share issue price, adjusted for any share splits, share dividends, recapitalisation and events with similar effect, plus a compounded interest rate of eight percent (8%) per annum and all accrued but unpaid dividends.

For the avoidance of doubt, a Series A redemption will not be implemented for so long as any Series C redemption remain not consummated.

If the Company does not have sufficient cash or funds legally available to redeem all of the Convertible Redeemable Preferred Shares required to be redeemed, those assets or funds which are legally available shall be used to redeem the Convertible Redeemable Preferred Shares, following the order, firstly to holders of the Series C Preferred Shares, secondly to holders of the Series B2 Preferred Shares, thirdly to holders of the Series B Preferred Shares and lastly to holders of the Series A1 Preferred Shares and the Series A3 Preferred Shares.

A Qualified Trade Sale means a trade sale, at a minimum pre-money valuation of the Group which shall not be lower than the higher of (1) USD615,000,000 and (2) an amount that would give each holder of Series B Preferred Shares, each holder of Series B2 Preferred Shares and each holder of Series C Preferred Shares a twenty percent (20%) internal return rate for its investment in the Company and, for the avoidance of doubt, all dividends distributed by the Company to such holder of Series B Preferred Shares, such holder of Series B2 Preferred Shares and such holder of Series C Preferred Shares shall be included as a part of the return when calculating the internal return rate.

Liquidation preferences

In the event of any liquidation, dissolution or winding up of the Company, all assets and funds of the Company legally available for distribution (after satisfaction of all creditors' claims and claims that may be preferred by law) shall be distributed to the holders of the Preferred Shares in the sequence as follows:

(a) If the valuation of the Company is equal to or lower than USD615,000,000 at the occurrence of such event:

  (i) Series C Preferred Shares with the amount equal to the applicable Series C Preferred Share issue price, adjusted for any share splits, share dividends, recapitalisation and events with similar effect, plus all declared but unpaid dividends (the "Series C Preference Amount");

  (ii) Series B2 Preferred Shares with the amount equal to the applicable Series B2 Preferred Share issue price, adjusted for any share splits, share dividends, recapitalisation and events with similar effect, plus all declared but unpaid dividends (the "Series B2 Preference Amount");

(iii) Series B Preferred Shares with the amount equal to the applicable Series B Preferred Share issue price, adjusted for any share splits, share dividends, recapitalisation and events with similar effect, plus a compounded interest rate of eight percent (8%) per annum and all accrued but unpaid dividends (the "Series B Preference Amount");

(iv) Series A1 Preferred Shares or Series A3 Preferred Shares with the amount equal to one hundred and fifty percent (150%) of the applicable Series A1 Preferred Share issue price plus any declared but unpaid dividends (the "Series A1 Preference Amount") or the amount equal to one hundred and fifty percent (150%) of the applicable Series A3 Preferred Share issue price plus any declared but unpaid dividends (the "Series A3 Preference Amount");

(v) Series A2 Preferred Shares with the amount equal to one hundred and fifty percent (150%) of the Series A2 Preferred Share issue price plus any declared but unpaid dividends (the "Series A2 Preference Amount"); and

(vi) the remaining assets and funds of the Company legally available for distribution be distributed ratably among all holders of ordinary shares and holders of the Convertible Redeemable Preferred Shares (on an as converted basis).

(b) If the valuation of the Company is above USD615,000,000 upon the occurrence of such event, the assets and funds of the Company legally available for distribution shall be ratably distributed among all holders of ordinary shares and holders of Preferred Shares (on an as converted basis); provided however in the sequence as follows:

(i) Series C Preferred Shares, no less than the Series C Preference Amount;

(ii) Series B2 Preferred Shares, no less than the Series B2 Preference Amount;

(iii) Series B Preferred Shares, no less than the Series B Preference Amount;

(iv) Series A1 Preferred Shares and Series A3 Preferred Shares, no less than the Series A1 Preference Amount and the Series A3 Preference Amount; and

(v) Series A2 Preferred Shares and ordinary shares.

Voting rights

Each Preferred Share shall carry a number of votes equal to the number of ordinary shares then issuable upon its conversion into ordinary shares at the record date for determination of the Company's shareholders entitled to vote, or, if no such record date is established, at the date such vote is taken or any written resolution or consent of the Company's shareholders is solicited. The holders of the Preferred Shares and ordinary shares shall vote together as a single class, unless otherwise required by the MOA.

Dividend rights

By written approval of at least two Investor Directors (see definition below) and resolution passed by the board of directors of the Company, the board may from time to time declare dividends on the outstanding shares of the Company and authorise payment of the same out of the funds of the Company legally available therefor. In the event the Company declares dividends, (i) each holder of Preferred Shares shall be entitled to receive, prior and in preference to other shareholders of the Company, dividends at the rate of six percent (6%) per annum of the applicable Preferred Share issue price (the "Preferred Dividends") in the sequence of (i) Series C Preferred Shares, (ii) Series B2 Preferred Shares, (iii) Series B Preferred Shares, (iv) Series A1 Preferred Shares and Series A3 Preferred Shares, and (v) Series A2 Preferred Shares.

Investor Directors mean three directors appointed by certain holders of the Convertible Redeemable Preferred Shares.

Presentation and classification

The Group does not bifurcate any embedded derivatives from the Convertible Redeemable Preferred Shares and designates the entire instruments as financial liabilities at fair value through profit or loss. The change in fair value is charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income, if any. Management considered that fair value change in the Convertible Redeemable Preferred Shares attributable to changes of credit risk was not significant.

For Series A2 Preferred Shares, they are included in equity attributable to owners of the parent, among which the par value is included in share capital and the excess of the consideration paid over par value as share premium, further details of which are disclosed in note 26 to the Historical Financial Information.

The movements of the Convertible Redeemable Preferred Shares are set out below:

	Series A1 Preferred Shares		Series A3 Preferred Shares		Series B Preferred Shares		Series B2 Preferred Shares		Series C Preferred Shares		Total
	Number of shares	*USD'000*	*Number of shares*	*USD'000*	*Number of shares*	*USD'000*	*Number of shares*	*USD'000*	*Number of shares*	*USD'000*	*USD'000*
As at 1 January 2018	3,330,000	61,985	–	–	–	–	–	–	–	–	61,985
Issue	–	–	697,604	11,740	2,045,468	85,000	–	–	–	–	96,740
Changes in fair value	–	(4,362)	–	774	–	735	–	–	–	–	(2,853)
As at 31 December 2018 and 1 January 2019	3,330,000	57,623	697,604	12,514	2,045,468	85,735	–	–	–	–	155,872
Issue	–	–	–	–	–	–	754,526	33,000	–	–	33,000
Changes in fair value	–	16,031	–	3,197	–	(5,841)	–	–	–	–	13,387
As at 31 December 2019 and 1 January 2020	3,330,000	73,654	697,604	15,711	2,045,468	79,894	754,526	33,000	–	–	202,259
Issue	–	–	–	–	–	–	960,308	42,000	686,008	34,000	76,000
Changes in fair value	–	21,250	–	4,485	–	6,271	–	1,156	–	–	33,162
As at 30 June 2020	3,330,000	94,904	697,604	20,196	2,045,468	86,165	1,714,834	76,156	686,008	34,000	311,421

The Group has used the back-solve method to determine the underlying equity value of the Company and adopted the equity allocation model to determine the fair value of the Convertible Redeemable Preferred Shares. Key assumptions are set out below:

	As at 31 December 2018	2019	As at 30 June 2020
Risk-free interest rate	2.53%	1.76%	0.19%
Discounts for lack of marketability ("DLOM")	19%	13%	12%
Volatility	38%	33%	48%

The Group estimated the risk-free interest rate based on the yield of the US Government Bond with maturity close to the expected exit timing as of the valuation date. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount. Volatility was estimated based on annualised standard deviation of daily stock price return of comparable companies for a period from the valuation date and with a similar span as time to expiration.

Set out below is a summary of significant unobservable inputs to the valuation of financial liabilities categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at the end of each of the Relevant Periods.

Significant unobservable inputs	Increase/ (decrease) in the inputs	Increase/(decrease) in fair value As at 31 December 2018 *USD'000*	2019 *USD'000*	As at 30 June 2020 *USD'000*
Risk-free interest rate	1%/(1%)	(629)/621	(177)/110	(100)/60
DLOM	1%/(1%)	(1,684)/1,683	(2,318)/2,317	(3,492)/3,489
Volatility	1%/(1%)	(2,111)/455	(511)/525	(2,535)/2,083

26. SHARE CAPITAL AND TREASURY SHARES

Authorised

	As at 31 December 2018	2019	As at 30 June 2020
		Number of shares	
Ordinary shares of USD0.001 each	493,686,988	491,751,250	489,437,624
Series A1 Preferred Shares of USD0.001 each	3,330,000	3,330,000	3,330,000
Series A2 Preferred Shares of USD0.001 each	239,940	232,200	232,200
Series A3 Preferred Shares of USD0.001 each	697,604	697,604	697,604
Series B Preferred Shares of USD0.001 each	2,045,468	2,045,468	2,045,468
Series B2 Preferred Shares of USD0.001 each	–	1,943,478	1,714,834
Series C Preferred Shares of USD0.001 each	–	–	2,542,270
	500,000,000	500,000,000	500,000,000

Issued and fully paid

	31 December 2018 Number of shares in issue	Share capital *USD'000*
Ordinary shares of USD0.001 each*	4,244,247	4
Restricted shares of USD0.001 each *(note 28)*	417,690	1
Series A2 Preferred Shares of USD0.001 each *(note 25)***	239,940	–
	4,901,877	5

	31 December 2019 Number of shares in issue	Share capital *USD'000*
Ordinary shares of USD0.001 each*	4,437,717	5
Restricted shares of USD0.001 each *(note 28)***	179,595	–
Series A2 Preferred Shares of USD0.001 each *(note 25)***	232,200	–
	4,849,512	5

	30 June 2020	
	Number of shares in issue	Share capital *USD'000*
Ordinary shares of USD0.001 each*	5,523,297	6
Restricted shares of USD0.001 each *(note 28)***	89,798	–
Series A2 Preferred Shares of USD0.001 each *(note 25)***	232,200	–
	5,845,295	6

* This includes treasury shares as set out in the table below.

** Amount less than USD1,000.

Movements in the share capital and treasury shares were as follows:

	Number of shares in issue					
	Ordinary shares	Treasury shares	Restricted shares	Series A2 Preferred Shares	Total	Share capital *USD'000*
At 1 January 2018	2,670,165	–	626,535	313,470	3,610,170	4
Issue of ordinary shares *(a)*	–	1,398,737	–	–	1,398,737	1
Restricted shares vested during the year *(note 28)*	208,845	–	(208,845)	–	–	–
Repurchase of vested restricted shares *(b)*	(33,500)	–	–	–	(33,500)	–
Repurchase of Series A2 Preferred Shares *(b)*	–	–	–	(73,530)	(73,530)	–
At 31 December 2018 and 1 January 2019	2,845,510	1,398,737	417,690	239,940	4,901,877	5
Restricted shares vested during the year *(note 28)*	193,470	–	(193,470)	–	–	–
Forfeiture of restricted shares *(c)*	–	–	(44,625)	–	(44,625)	–
Repurchase of Series A2 Preferred Shares *(c)*	–	–	–	(7,740)	(7,740)	–
At 31 December 2019 and 1 January 2020	3,038,980	1,398,737	179,595	232,200	4,849,512	5
Restricted shares vested during the period *(note 28)*	89,797	–	(89,797)	–	–	–
Issue of ordinary shares *(a)*	–	995,783	–	–	995,783	1
At 30 June 2020	3,128,777	2,394,520	89,798	232,200	5,845,295	6

(a) In 2018 and the six months ended 30 June 2020, 1,398,737 ordinary shares and 995,783 ordinary shares, respectively, were issued to Shuxin Biotech Limited ("Shuxin"), a company incorporated in the BVI with limited liability which holds the ordinary shares of the Company on trust for the benefits of future employees of the Company. Shuxin was considered as an extension of the Company and such ordinary shares were accounted for as treasury shares in both consolidated and separate financial statements of the Company.

(b) The Company granted 1,263,200 restricted shares to the Group's founders and employees in 2016 under the 2016 Equity Incentive Plan (the "2016 Plan", note 28). In 2016, the Group's founders subscribed 387,000 Series A2 Preferred Shares (note 25). The Series A2 Preferred Shares are classified as equity. Due to two founders' resignation from the Group in 2017, the Company repurchased 33,500 vested restricted shares (note 28) and 73,530 Series A2 Preferred Shares at a price of USD16.83 per share from the two founders as agreed with them in 2018.

(c) In 2019, one founder and two other employees resigned from the Group and 44,625 restricted shares (note 28) granted to them were forfeited due to their resignation. The Company also repurchased 7,740 Series A2 Preferred Shares from the founder at par value as agreed in the restricted agreement signed together with the Series A2 Preferred Share subscription agreement in 2016.

27. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

Share premium

The share premium represents the difference between the par value of the shares issued and the consideration received.

Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of subsidiaries of which the functional currency is not USD.

Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

	Share premium *USD'000*	**Accumulated losses** *USD'000*	**Total** *USD'000*
At 1 January 2018	10,027	(47,057)	(37,030)
Profit for the year	–	1,945	1,945
Repurchase of preferred shares	(803)	–	(803)
Repurchase of vested restricted shares	–	(338)	(338)
At 31 December 2018 and 1 January 2019	9,224	(45,450)	(36,226)
Loss for the year	–	(13,477)	(13,477)
At 31 December 2019 and 1 January 2020	9,224	(58,927)	(49,703)
Loss for the period	–	(33,807)	(33,807)
At 30 June 2020	9,224	(92,734)	(83,510)

28. SHARE-BASED PAYMENTS

2016 Equity Incentive Plan

On 11 November 2016, the Company adopted the 2016 Plan for the purpose of providing incentives and rewards to eligible participants who have contributed or will contribute to the Group. Under the 2016 Plan, the Company initially reserved an aggregate of 1,500,000 ordinary shares of par value of USD0.001 each for issuance.

On 11 November 2016, the Company issued and granted an aggregate of 1,263,200 restricted shares to its founders and certain employees.

The vesting schedule pursuant to the grant agreements is as follows:

(1) On 7 December 2016 (the "Vesting Commencement Date"), 10% of the total number of restricted shares granted shall vest.

(2) So long as a grantee's continuous status as a service provider has not yet terminated, 22.5% of the total number of restricted shares granted shall vest on the first anniversary of the Vesting Commencement Date.

(3) So long as a grantee's continuous status as a service provider has not yet terminated, the remaining 67.5% of the total number of restricted shares granted hereunder shall vest monthly in equal instalments over the next three consecutive years from the first anniversary of the Vesting Commencement Date.

The Company was incorporated on 20 July 2016. On the grant date of the restricted shares, the Company had not started business operation and only had issued one ordinary share with par value of USD0.001. The fair value of the restricted shares at that date was approximate to the par value, which is minimal.

In 2017, two founders resigned from the Group and 301,500 unvested restricted shares granted to them were forfeited. In 2018, the Company repurchased the remaining 33,500 vested restricted shares (note 26(b)) from the two founders with a total consideration of USD564,000 and recognised USD338,000 and USD226,000 in equity and profit or loss, respectively. In 2019, one founder and two other employees resigned from the Group and 44,625 unvested restricted shares (note 26(c)) granted to them were forfeited.

The following table illustrates the number of the outstanding restricted shares under the 2016 Plan during the Relevant Periods:

	As at 31 December		As at 30 June
	2018	2019	2020
At the beginning of the year/period	626,535	417,690	179,595
Forfeited during the year/period	–	(44,625)	–
Reclassification to ordinary shares of vested restricted shares	(208,845)	(193,470)	(89,797)
At the end of the year/period	417,690	179,595	89,798

29. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	As at 31 December		As at 30 June
	2018	2019	2020
	USD'000	*USD'000*	*USD'000*
Contracted, but not provided for:			
Plant and machinery	954	125	27

30. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Outstanding balances with related parties

Group

The Group had the following balances with related parties:

	As at 31 December		As at 30 June
	2018	2019	2020
	USD'000	*USD'000*	*USD'000*
Amounts due from shareholders			
Jingsong Wang	300	–	–
Maijing Liao	150	150	–
Xiaoxi Liu			
– Gross	150	150	150
– Provision	–	(150)	(150)
Xiaoxiang Chen	100	100	–
	700	250	–

The amounts due from shareholders arose from the consideration for subscription of Series A2 Preferred Shares of the Company by the founders in 2016, which has not been paid as at 31 December 2018 and 2019. The amounts due from shareholders are non-trade in nature, non-interest-bearing, unsecured and repayable within 2 years after the closing of Series A2 Preferred Shares.

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. In 2019, Xiaoxi Liu resigned from the Group. Accordingly, the Group fully provided allowance on the amount due from Xiaoxi Liu of USD150,000 as management is of the opinion that the Group will no longer receive the amount. The remaining amounts due from shareholders have been fully settled during the six months ended 30 June 2020.

Company

The amounts due from/to subsidiaries of the Company are non-interest bearing, receivable on demand and approximate to its fair value. There is no information indicating that amounts due from subsidiaries had a significant increase in credit risk since initial recognition and the expected credit loss is assessed to be minimal.

(b) Compensation of key management personnel of the Group

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	USD'000	*USD'000*	*USD'000*	*USD'000*
			(Unaudited)	
Short term employee benefits	1,557	1,689	855	865
Contributions to the pension scheme	23	21	11	3
	1,580	1,710	866	868

Further details of directors' emoluments are included in note 9 to the Historical Financial Information.

31. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods were as follows:

Group

As at 31 December 2018

Financial assets

	Financial assets at fair value through profit or loss *USD'000*	**Financial assets at amortised cost** *USD'000*	**Total** *USD'000*
Other financial assets	402	–	402
Trade receivables	–	228	228
Amounts due from shareholders	–	700	700
Financial assets included in prepayments, other receivables and other assets	–	1,597	1,597
Cash and bank balances	–	60,292	60,292
	402	62,817	63,219

Financial liabilities

	Financial liabilities at fair value through profit or loss *USD'000*	**Financial liabilities at amortised cost** *USD'000*	**Total** *USD'000*
Trade payables	–	5,013	5,013
Financial liabilities included in other payables and accruals	–	1,001	1,001
Convertible redeemable preferred shares	155,872	–	155,872
Lease liabilities	–	3,143	3,143
	155,872	9,157	165,029

As at 31 December 2019

Financial assets

	Financial assets at fair value through profit or loss *USD'000*	**Financial assets at amortised cost** *USD'000*	**Total** *USD'000*
Other financial assets	396	–	396
Trade receivables	–	1,673	1,673
Amounts due from shareholders	–	250	250
Financial assets included in prepayments, other receivables and other assets	–	448	448
Cash and bank balances	–	33,391	33,391
	396	35,762	36,158

Financial liabilities

	Financial liabilities at fair value through profit or loss *USD'000*	**Financial liabilities at amortised cost** *USD'000*	**Total** *USD'000*
Trade payables	–	9,317	9,317
Financial liabilities included in other payables and accruals	–	802	802
Convertible redeemable preferred shares	202,259	–	202,259
Lease liabilities	–	1,908	1,908
	202,259	12,027	214,286

As at 30 June 2020

Financial assets

	Financial assets at fair value through profit or loss *USD'000*	**Financial assets at amortised cost** *USD'000*	**Total** *USD'000*
Other financial assets	1,130	–	1,130
Trade receivables	–	425	425
Financial assets included in prepayments, other receivables and other assets	–	460	460
Cash and bank balances	–	89,440	89,440
	1,130	90,325	91,455

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	USD'000	*USD'000*	*USD'000*
Trade payables	–	4,370	4,370
Financial liabilities included in other payables and accruals	–	1,175	1,175
Convertible redeemable preferred shares	311,421	–	311,421
Lease liabilities	–	2,033	2,033
	311,421	7,578	318,999

Company

As at 31 December 2018

Financial assets

	Financial assets at amortised cost
	USD'000
Amounts due from shareholders	700
Amounts due from subsidiaries	99,880
Cash and bank balances	5,976
	106,556

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	USD'000	*USD'000*	*USD'000*
Financial liabilities included in other payables and accruals	–	16	16
Convertible redeemable preferred shares	155,872	–	155,872
	155,872	16	155,888

As at 31 December 2019

Financial assets

	Financial assets at amortised cost *USD'000*
Amounts due from shareholders	250
Amounts due from subsidiaries	121,179
Cash and bank balances	18,043
	139,472

Financial liabilities

	Financial liabilities at fair value through profit or loss *USD'000*	**Financial liabilities at amortised cost** *USD'000*	**Total** *USD'000*
Financial liabilities included in other payables and accruals	–	22	22
Convertible redeemable preferred shares	202,259	–	202,259
	202,259	22	202,281

As at 30 June 2020

Financial assets

	Financial assets at amortised cost *USD'000*
Amounts due from subsidiaries	140,520
Cash and bank balances	74,637
	215,157

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	USD'000	*USD'000*	*USD'000*
Financial liabilities included in other payables and accruals	–	484	484
Amounts due to subsidiaries	–	64	64
Convertible redeemable preferred shares	311,421	–	311,421
	311,421	548	311,969

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	As at 31 December				As at 30 June	
	2018		2019		2020	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Financial assets:						
Other financial assets	402	402	396	396	1,130	1,130
Financial liabilities:						
Convertible redeemable preferred shares	155,872	155,872	202,259	202,259	311,421	311,421

Management has assessed that the fair values of cash and bank balances, trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals, and amounts due from shareholders approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

The fair values of investments in financial products have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

The fair values of lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

The fair values of the convertible redeemable preferred shares measured at fair value through profit or loss are determined using the valuation techniques, including back-solve method and equity allocation model. Further details are set out in note 25 to the Historical Financial Information.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at 31 December 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Financial assets:				
Other financial assets	–	402	–	402
Financial liabilities:				
Convertible redeemable preferred shares	–	–	155,872	155,872

As at 31 December 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Financial assets:				
Other financial assets	–	396	–	396
Financial liabilities:				
Convertible redeemable preferred shares	–	–	202,259	202,259

As at 30 June 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Financial assets:				
Other financial assets	–	1,130	–	1,130
Financial liabilities:				
Convertible redeemable preferred shares	–	–	311,421	311,421

Financial instruments in Level 3

Further details of the convertible redeemable preferred shares are included in note 25 to the Historical Financial Information.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances, other financial assets, amounts due from shareholders, lease liabilities and convertible redeemable preferred shares. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables and financial liabilities included in other payables and accruals which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The directors of the Company reviews and agrees policies for managing each of these risks which are summarised below.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates.

The Group's financial assets and liabilities are subject to foreign currency risk as a result of certain bank deposits, trade and other receivables and trade and other payables denominated in non-functional currency. Therefore, the fluctuations in the exchange rate of functional currency against non-functional currency could affect the Group's results of operations. The Group does not enter into any hedging transactions to manage the potential fluctuation in foreign currency.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities) and equity (due to changes in foreign currency exchange reserve).

As at 31 December 2018

	Fluctuation in foreign exchange rate	**(Decrease)/ increase in loss before tax**	**(Decrease)/ increase in equity**
	%	*USD'000*	*USD'000*
If USD weakens against EUR	5	51	51
If USD strengthens against EUR	(5)	(51)	(51)
If USD weakens against RMB	5	(376)	(87)
If USD strengthens against RMB	(5)	376	87

As at 31 December 2019

	Fluctuation in Foreign exchange rate	**(Decrease)/ increase in loss before tax**	**(Decrease)/ increase in equity**
	%	*USD'000*	*USD'000*
If USD weakens against EUR	5	38	38
If USD strengthens against EUR	(5)	(38)	(38)
If USD weakens against RMB	5	(148)	548
If USD strengthens against RMB	(5)	148	(548)

As at 30 June 2020

	Fluctuation in Foreign exchange rate	(Decrease)/ increase in loss before tax	(Decrease)/ increase in equity
	%	*USD'000*	*USD'000*
If USD weakens against EUR	5	15	15
If USD strengthens against EUR	(5)	(15)	(15)
If USD weakens against RMB	5	(118)	(618)
If USD strengthens against RMB	(5)	118	618

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and bank balances, financial assets included in prepayments, other receivables and other assets and amounts due from shareholders arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. As at 31 December 2018 and 2019 and 30 June 2020, the Group had certain concentrations of credit risk as 65%, 94% and 81% of the Group's trade receivables were due from the customers with top five balances, respectively.

Maximum exposure and year/period-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year/period-end staging classification. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2018

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Trade receivables	–	–	–	228	228
Amounts due from shareholders	700	–	–	–	700
Financial assets included in prepayments, other receivables and other assets – Normal*	1,597	–	–	–	1,597
Cash and bank balances – Not yet past due	60,292	–	–	–	60,292
	62,589	–	–	228	62,817

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Trade receivables	–	–	–	1,673	1,673
Amounts due from shareholders	250	–	150	–	400
Financial assets included in prepayments, other receivables and other assets – Normal*	448	–	–	–	448
Cash and bank balances – Not yet past due	33,391	–	–	–	33,391
	34,089	–	150	1,673	35,912

As at 30 June 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Trade receivables	–	–	–	425	425
An amount due from a shareholder	–	–	150	–	150
Financial assets included in prepayments, other receivables and other assets – Normal*	460	–	–	–	460
Cash and bank balances – Not yet past due	89,440	–	–	–	89,440
	89,900	–	150	425	90,475

* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group monitors its risk to a shortage of funds by considering the maturities of both its financial liabilities and financial assets.

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group aims to maintain sufficient cash and cash equivalents to meet its liquidity requirements.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	31 December 2018			
	On demand or less than 12 months	**1 to 5 years**	**More than 5 years**	**Total**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Lease liabilities	1,501	2,088	–	3,589
Trade payables	5,013	–	–	5,013
Financial liabilities in other payables and accruals	1,001	–	–	1,001
Convertible redeemable preferred shares	–	–	248,179	248,179
	7,515	2,088	248,179	257,782

	31 December 2019			
	On demand or less than 12 months	**1 to 5 years**	**More than 5 years**	**Total**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Lease liabilities	1,190	802	–	1,992
Trade payables	9,317	–	–	9,317
Financial liabilities in other payables and accruals	802	–	–	802
Convertible redeemable preferred shares	–	–	325,655	325,655
	11,309	802	325,655	337,766

	30 June 2020			
	On demand or less than 12 months	**1 to 5 years**	**More than 5 years**	**Total**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Lease liabilities	1,515	605	–	2,120
Trade payables	4,370	–	–	4,370
Financial liabilities in other payables and accruals	1,175	–	–	1,175
Convertible redeemable preferred shares	–	388,300	–	388,300
	7,060	388,905	–	395,965

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes lease liabilities, trade payables and financial liabilities included in other payables and accruals, less cash and bank balances. Adjusted capital includes convertible redeemable preferred shares and equity attributable to owners of the parent. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	31 December 2018	**31 December 2019**	**30 June 2020**
	USD'000	*USD'000*	*USD'000*
Lease liabilities	3,143	1,908	2,033
Trade payables	5,013	9,317	4,370
Financial liabilities included in other payables and accruals	1,001	802	1,175
Less: Cash and bank balances	(60,292)	(33,391)	(89,440)
Net debt	(51,135)	(21,364)	(81,862)
Convertible redeemable preferred shares	155,872	202,259	311,421
Equity attributable to owners of the parent	(85,871)	(153,411)	(201,480)
Adjusted capital	70,001	48,848	109,941
Adjusted capital and net debt	18,866	27,484	28,079
Gearing ratio	N/A	N/A	N/A

* As at 31 December 2018 and 2019 and 30 June 2020, the Group's cash and bank balances exceeded the financial liabilities (excluding convertible redeemable preferred shares). As such, no gearing ratio as at 31 December 2018 and 2019 and 30 June 2020 was presented.

34. EVENTS AFTER THE RELEVANT PERIODS

In July 2020, the Group received the remaining USD68,800,000 from additional investors of Series C Preferred Shares and closed its Series C financing.

35. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2020.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this document, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with "Financial Information" and the Accountants' Report set out in Appendix I to this document.

(A) UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the parent as of 30 June 2020 as if the Global Offering had taken place on 30 June 2020.

The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the parent has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as of 30 June 2020 or at any future date. It is prepared based on our consolidated net tangible liabilities as of 30 June 2020 as set out in the Accountants' Report as set out in Appendix I to this document and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets do not form part of the Accountants' Report as set out in Appendix I to this document.

	Consolidated net tangible liabilities attributable to owners of the parent as at 30 June 2020 *(USD'000)* *(Note 1)*	**Estimated net proceeds from the Global Offering** *(USD'000)* *(Note 2)*	**Estimated impact to the consolidated net tangible liabilities upon the conversion of convertible redeemable preferred shares** *(USD'000)* *(Note 3)*	**Unaudited pro forma adjusted consolidated net tangible assets as at 30 June 2020** *(USD'000)*	**Unaudited pro forma adjusted consolidated net tangible assets per Share as at 30 June 2020** *(USD)* *(Note 4)*	*(HK$)* *(Note 5)*
Based on an Offer Price of HK$11.70 per Share	(209,419)	195,362	311,421	297,364	0.39	3.00
Based on an Offer Price of HK$12.92 per Share	(209,419)	216,240	311,421	318,242	0.41	3.21

Notes:

(1) The consolidated net tangible liabilities of the Group attributable to owners of the parent as at 30 June 2020 was equal to the consolidated net liabilities attributable to owners of the parent as at 30 June 2020 of USD201,480,000 after deducting intangible assets of USD7,939,000 as at 30 June 2020 set out in the Accountants' Report in Appendix I to this document.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$11.70 per Share or HK$12.92 per Share, after deduction of the underwriting fees and other related expenses payable by our Group and does not take into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into US dollar at an exchange rate of USD0.1290 to HK$1.0.

(3) Upon the Listing and the completion of the Global Offering, all the preferred shares (including Series A2 Preferred Shares which are included in equity and all the other convertible redeemable preferred shares which are included in non-current liabilities) will be automatically converted into Ordinary Shares. The convertible redeemable preferred shares will then be transferred from liabilities to equity. Accordingly, for the purpose of the unaudited pro forma financial information, the unaudited pro forma adjusted net tangible assets attributable to owners of the parent will be increased by USD311,421,000, being the carrying amounts of the convertible redeemable preferred shares as at 30 June 2020.

(4) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per share is arrived at after adjustments referred to notes 2 and 3 above and on the basis that 767,891,160 shares are in issue, assuming that the conversion of preferred shares into Ordinary Shares and the Global Offering had been completed on 30 June 2020. However, this does not take into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option.

(5) The unaudited pro forma adjusted consolidated net tangible assets per Share are converted into Hong Kong dollars at an exchange rate of USD0.1290 to HK$1.00.

(6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2020.

(7) The unaudited pro forma adjusted consolidated net tangible assets have not taken into account the effect of the raising of an additional proceed of USD68,800,000 from the issuance of Series C Preferred Shares in July 2020. Had the additional proceed of USD68,800,000 been taken into account, the unaudited pro forma adjusted consolidated net tangible assets per Share would be HK$3.70 per Share (equivalent to USD0.48 per Share, based on the Offer Price of HK$11.70 per Share) or HK$3.91 per Share (equivalent to USD0.50 per Share, based on the Offer Price of HK$12.92 per Share).

The following is the text of a report, prepared for the purpose of incorporation in this document, received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information.

(B) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

To the Directors of HBM Holdings Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of HBM Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 30 June 2020, and related notes as set out on pages II-1 and II-2 of the prospectus dated 30 November 2020 issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix II(A) to the prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 30 June 2020 as if the transaction had taken place at 30 June 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the six months ended 30 June 2020, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Global Offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
30 November 2020

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on 23 November 2020 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in "Documents delivered to the Registrar of Companies and available for inspection" in Appendix V.

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on 23 November 2020 with effect from the Listing Date and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of ordinary shares. The capital of the Company at the date of adoption of the Articles is US$500,000 divided into 20,000,000,000 Shares of US$0.000025 each.

2.2 Directors

(a) Power to allot and issue Shares

Subject to the provisions of the Companies Law and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the

Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Law and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) Compensation or payment for loss of office

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(d) Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(g) Remuneration

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) Retirement, appointment and removal

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting, but shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation at such meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed.

The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to

be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

(i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;

(ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

(iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;

(iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;

(vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or

(vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) Proceedings of the Board

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.3 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall mutatis mutandis apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 Alteration of capital

The Company may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Law; and

(c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such subdivision, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Companies Law.

2.6 Special resolution – majority required

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Law, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorise). The annual general meeting shall be specified as such in the notices calling it.

The board of Directors may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitionist(s). If the Directors

do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to them by the Company.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection by members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Law or any other relevant law or regulation or as authorised by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

2.10 Auditors

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an auditor before the expiration of his period of office shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.11 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is cancelled at least a

minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date. Where a general meeting is so postponed, the Company shall endeavour to cause a notice of such postponement to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, but failure to place or publish such notice shall not affect the automatic postponement of such meeting.

Where a general meeting is postponed:

(a) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(b) notice of the business to be transacted at the reconvened meeting shall not be required, nor shall any accompanying documents be required to be recirculated, provided that the business to be transacted at the reconvened meeting is the same as that set out in the notice of the original meeting circulated to the members of the Company.

2.12 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favour of the Company; and

(f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.13 Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase.

2.14 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.15 Dividends and other methods of distribution

Subject to the Companies Law and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be payable at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that

notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.16 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.17 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall

(subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per

annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.18 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

2.19 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.20 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.21 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.22 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or

existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANIES LAW AND TAXATION

1 Introduction

The Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 20 July 2016 under the Companies Law. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

3 Share Capital

The Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium

account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid, or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in Foss v. Harbottle (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Law requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Law provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories

(shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 Taxation

Pursuant to section 6 of the Tax Concessions Law (2018 Revision) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

  (i) on or in respect of the shares, debentures or other obligations of the Company; or

  (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2018 Revision).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 General

Travers Thorp Alberga, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in "Documents delivered to the Registrar of Companies and available for inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was incorporated under the laws of the Cayman Islands on 20 July 2016 as an exempted limited liability company. Upon our incorporation, our authorised share capital was US$500,000 divided into 500,000,000 ordinary shares with a nominal value of US$0.001 each.

Our registered office address is at P.O. Box 472, Harbour Place, 2nd floor, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands. Accordingly, our Company's corporate structure and Memorandum and Articles are subject to the relevant laws of the Cayman Islands. A summary of our Memorandum and Articles is set out in Appendix III.

Our principal place of business in Hong Kong is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance with the Registrar of Companies in Hong Kong on 8 September 2020. Ms. Wing Tsz Wendy Ho and Mr. Wing Yat Christopher Lui have been appointed as the authorised representatives of our Company for the acceptance of service of process in Hong Kong. The address for service of process is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

2. Changes in share capital of our Company

The following sets out the changes in our Company's issued share capital within the two years immediately preceding the date of this document:

(a) On 14 September 2018, our Company issued 95,876 fully paid-up ordinary shares with a par value of US$0.001 each to Shuxin Biotech Limited and 601,608 fully paid-up Series B Preferred Shares with a par value of US$0.001 each to China Life Chengda (Shanghai) Healthcare Industry Equity Investment Center (Limited Partnership).

(b) On 21 October 2019, our Company issued the following fully paid-up Series B2 Preferred Shares to the following shareholders:

Shareholder	Series B2 Preferred Shares
Golden Link Investment Limited	68,593
LC Healthcare Fund I, L.P.	114,322
Owap Investment Pte Ltd.	182,916
SK Holdings Co., Ltd.	114,322

(c) On 20 December 2019, our Company issued 274,373 fully paid-up Series B2 Preferred Shares with a par value of US$0.001 each to Poly Platinum Enterprises Limited.

(d) On 11 March 2020, our Company issued 469,890 fully paid-up ordinary shares with a par value of US$0.001 each to Shuxin Biotech Limited.

(e) On 11 March 2020, our Company issued the following fully paid-up Series B2 Preferred Shares to the following shareholders:

Shareholder	Series B2 Preferred Shares
Efung Hongyun Limited	85,970
Shanghai Zhenbo Enterprise Management Consulting Partnership (Limited Partnership)	256,997
Shanghai Boxun Enterprise Management Consulting Partnership (Limited Partnership)	480,154
Shanghai Yangjian Enterprise Management Partnership (Limited Partnership)	137,187

(f) On 26 June 2020, our Company issued 391,462 fully paid-up ordinary shares with a par value of US$0.001 each to Shuxin Biotech Limited.

(g) On 26 June 2020, our Company issued the following fully paid-up Series C Preferred Shares to the following shareholders:

Shareholder	Series C Preferred Shares
Poly Platinum Enterprises Limited	201,767
HBC Asia Healthcare Opportunities IV LLC	544,772
Octagon Investments Master Fund LP	121,060
GIG Biotech Investment Management Limited	117,025
Zhengqi (Hong Kong) Financial Holdings Limited	80,707
Hong Kong Li Hong Company Limited	40,353
Victorious Astral Limited	363,181

(h) On 30 June 2020, our Company issued 134,431 fully paid-up ordinary shares with a par value of US$0.001 each to Shuxin Biotech Limited.

(i) On 30 June 2020, our Company issued the following fully paid-up Series C Preferred Shares to the following shareholders:

Shareholder	Series C Preferred Shares
OrbiMed Partners Master Fund Limited	131,149
The Biotech Growth Trust PLC	272,386
OrbiMed New Horizons Master Fund, L.P.	60,530
OrbiMed Genesis Master Fund, L.P.	40,353

(j) On 2 July 2020, our Company issued 26,886 fully paid-up ordinary shares with a par value of US$0.001 each to Shuxin Biotech Limited.

(k) On 2 July 2020, our Company issued 100,884 fully paid-up Series C Preferred Shares to Sage Partners Master Fund.

Save as disclosed above and in the section headed "4. Resolutions passed in the meeting of our Shareholders dated 23 November 2020" below, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this document.

3. Changes in the share capital of members of our Group

A summary of the corporate information and the particulars of our subsidiaries are set out in note 1 to the Accountants' Report as set out in Appendix I.

The following sets out the changes in the share or registered capital of members of our Group within the two years immediately preceding the date of this document:

- On 5 September 2018, the registered capital of HBM Shanghai was increased from US$8,000,000 to US$20,000,000.

- On 11 September 2018, HBM Suzhou was established with a registered capital of US$20,000,000.

- On 7 November 2018, HBM Alpha was incorporated with an authorized capital of 5,000,000 shares of common stock, US$0.0001 par value per share and 1,400,000 shares of preferred stock, US$0.0001 par value per share. On the same day, HBM Alpha issued 750,000 fully paid-up shares of common stock with a par value of US$0.0001 to Joseph A. Majzoub, M.D..

- On 13 November 2018, HBM Alpha issued fully paid-up 1,400,000 shares of preferred stock with a par value of US$0.0001 each to HBM Holdings BVI.

- On 20 December 2018, HBM Alpha issued fully paid-up 150,000 shares of common stock with a par value of US$0.0001 each to Children's Medical Center Corporation.

- On 11 January 2019, HBM U.S. was incorporated with a total of 1,000 shares of common stock at US$0.0001 par value per share.

- On 31 March 2019, HBM Alpha issued fully paid-up 1,250,000 shares of common stock with a par value of US$0.0001 each to HBM Holdings BVI.

- On 26 April 2019, HBM Netherlands was incorporated with an issued capital of EUR1.

- On 21 November 2019, the registered capital of HBM Shanghai was increased from US$20,000,000 to US$40,000,000.

- On 28 August 2020, the registered capital of HBM Suzhou was increased from US$20,000,000 to US$40,000,000.

- On 2 September 2020, HBM Beijing was established with a registered capital of RMB10,000,000.

- On 15 September 2020, HBM MT was incorporated with an issued share capital of one share of no par value issued and allotted as fully paid and non-assessable at an issue price of US$1.00.

Save as disclosed above, there has been no alteration in the share capital of any member of our Group within the two years immediately preceding the date of this document.

4. Resolutions passed in the meeting of our Shareholders dated 23 November 2020

Resolutions passed in the meeting of our Shareholders dated 23 November 2020, pursuant to which, among others, conditional upon the conditions of the Global Offering (as set out in this document) being fulfilled:

(a) the Memorandum and the Articles were approved and adopted effective conditional on and immediately prior to the Listing on the Listing Date;

(b) the Global Offering, Listing and Over-allotment Option were approved, and our Directors were authorised to negotiate and agree the Offer Price and to allot and issue the Offer Shares (including pursuant to the Over-allotment Option);

(c) a general mandate (the "**Sale Mandate**") was granted to our Directors to allot, issue and deal with any Shares or securities convertible into Shares and to make or grant offers, agreements or options which would or might require Shares to be allotted, issued or dealt with, provided that the number of Shares so allotted, issued or dealt with or agreed to be allotted, issued or dealt with by our Directors, shall not exceed 20% of the total number of Shares in issue immediately following the completion of Global Offering;

(d) a general mandate (the "**Repurchase Mandate**") was granted to our Directors to repurchase our own Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the total number of Shares in issue immediately following completion of the Global Offering;

(e) the Sale Mandate was extended by the addition to the total number of Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the total number of the Shares purchased by our Company pursuant to the Repurchase Mandate, provided that such extended amount shall not exceed 10% of the total number of the Shares in issue immediately following completion of the Global Offering; and

(f) the terms of the Post-IPO Share Schemes were approved and adopted with effect from Listing.

Each of the general mandates referred to above will remain in effect until the earliest of:

- the conclusion of the next annual general meeting of our Company unless, by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to condition;

- the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws of the Cayman Islands or the memorandum and the articles of association of our Company; and

- the passing of an ordinary resolution by our Shareholders in a general meeting revoking or varying the authority.

5. Explanatory statement on repurchase of our own securities

The following summarises restrictions imposed by the Listing Rules on share repurchases by a company listed on the Stock Exchange and provides further information about the repurchase of our own securities.

Shareholders' approval

A listed company whose primary listing is on the Stock Exchange may only purchase its shares on the Stock Exchange, either directly or indirectly, if: (i) the shares proposed to be purchased are fully-paid up, and (ii) its shareholders have given a specific approval or general mandate by way of an ordinary resolution of shareholders.

Size of mandate

The exercise in full of the Repurchase Mandate, on the basis of 767,891,160 Shares in issue immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued pursuant to the Share Schemes), could accordingly result in up to approximately 76,789,116 Shares being repurchased by our Company.

The total number of shares which a listed company may repurchase on the Stock Exchange may not exceed 10% of the number of issued shares as at the date of the shareholder approval.

Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and Shareholders.

Source of funds

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles and the applicable laws and regulations of the Cayman Islands.

Our Company shall not purchase its own Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Any purchases by our Company may be made out of profits or out of an issue of new shares made for the purpose of the purchase or, if authorised by its Memorandum and Articles and subject to the Companies Ordinance, out of capital, and, in the case of any premium payable on the purchase out of profits or from sums standing to the credit of our share premium account or, if authorised by its Memorandum and Articles and subject to the Companies Ordinance, out of capital.

Suspension of repurchase

A listed company shall not repurchase its shares on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the issuer to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), until the date of the results announcement, the company may not repurchase its shares on the Stock Exchange unless there are exceptional circumstances.

Trading restrictions

A listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

A listed company may not repurchase its shares if that repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

Status of repurchased Shares

The listing of all repurchased shares (whether through the Stock Exchange or otherwise) shall be automatically cancelled and the relevant documents of title must be cancelled and destroyed as soon as reasonably practicable.

Close associates and core connected persons

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their close associates have a present intention, in the event the Repurchase Mandate is approved, to sell any Shares to our Company.

No core connected person of our Company has notified our Company that they have a present intention to sell Shares to our Company, or have undertaken to do so, if the Repurchase Mandate is approved.

A listed company shall not knowingly purchase its shares on the Stock Exchange from a core connected person (namely a director, chief executive or substantial shareholder of the company or any of its subsidiaries, or a close associate of any of them), and a core connected person shall not knowingly sell their interest in shares of the company to it.

Takeover implications

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

General

If the Repurchase Mandate were to be carried out in full at any time, there may be a material adverse impact on our working capital or gearing position (as compared with the position disclosed in our most recent published audited accounts). However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would have a material adverse effect on our working capital or gearing position.

Our Directors have undertaken to the Stock Exchange to will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

We have not made any repurchases of our Shares in the previous six months.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following are contracts (not being contracts entered into in the ordinary course of business) entered into by any member of our Group within the two years immediately preceding the date of this document that are or may be material:

(a) a cornerstone investment agreement dated 27 November 2020 entered into between the Company, BlackRock Health Sciences Trust II, BlackRock Global Funds – World Healthscience Fund, BlackRock Health Sciences Master Unit Trust, Morgan

Stanley Asia Limited, Merrill Lynch Far East Limited, Merrill Lynch (Asia Pacific) Limited, CLSA Capital Markets Limited and CLSA Limited pursuant to which BlackRock Health Sciences Trust II, BlackRock Global Funds – World Healthscience Fund, and BlackRock Health Sciences Master Unit Trust agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$30,000,000;

(b) a cornerstone investment agreement dated 27 November 2020 entered into between the Company, HBM Healthcare Investments (Cayman) Ltd., Morgan Stanley Asia Limited, Merrill Lynch Far East Limited, Merrill Lynch (Asia Pacific) Limited, CLSA Capital Markets Limited and CLSA Limited pursuant to which HBM Healthcare Investments (Cayman) Ltd. agreed to subscribe for Shares at the Offer Price in the amount of the Hong Kong dollar equivalent of US$10,000,000;

(c) a cornerstone investment agreement dated 27 November 2020 entered into between the Company, Gaoling Fund, L.P., YHG Investment, L.P., Morgan Stanley Asia Limited, Merrill Lynch Far East Limited, Merrill Lynch (Asia Pacific) Limited, CLSA Capital Markets Limited and CLSA Limited pursuant to which Gaoling Fund, L.P. and YHG Investment, L.P. agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10,000,000;

(d) a cornerstone investment agreement dated 27 November 2020 entered into between the Company, HBC Asia Healthcare Opportunities IV LLC, Morgan Stanley Asia Limited, Merrill Lynch Far East Limited, Merrill Lynch (Asia Pacific) Limited, CLSA Capital Markets Limited and CLSA Limited pursuant to which HBC Asia Healthcare Opportunities IV LLC agreed to subscribe for Shares at the Offer Price in the amount of the Hong Kong dollar equivalent of US$10,000,000;

(e) a cornerstone investment agreement dated 27 November 2020 entered into between the Company, Octagon Investments Master Fund LP, Morgan Stanley Asia Limited, Merrill Lynch Far East Limited, Merrill Lynch (Asia Pacific) Limited, CLSA Capital Markets Limited and CLSA Limited pursuant to which Octagon Investments Master Fund LP agreed to subscribe for Shares at the Offer Price in the amount of the Hong Kong dollar equivalent of US$10,000,000;

(f) a cornerstone investment agreement dated 27 November 2020 entered into between the Company, Anlan Private Equity Fund, SPC, Morgan Stanley Asia Limited, Merrill Lynch Far East Limited, Merrill Lynch (Asia Pacific) Limited, CLSA Capital Markets Limited and CLSA Limited pursuant to which Anlan Private Equity Fund, SPC agreed to subscribe for Shares at the Offer Price in the amount of the Hong Kong dollar equivalent of US$7,000,000;

(g) a cornerstone investment agreement dated 27 November 2020 entered into between the Company, LC Healthcare Fund I, L.P., Morgan Stanley Asia Limited, Merrill Lynch Far East Limited, Merrill Lynch (Asia Pacific) Limited, CLSA Capital

Markets Limited, CLSA Limited and China International Capital Corporation Hong Kong Securities Limited pursuant to which LC Healthcare Fund I, L.P. agreed to subscribe for Shares at the Offer Price in the amount of the Hong Kong dollar equivalent of US$5,000,000;

(h) a cornerstone investment agreement dated 27 November 2020 entered into between the Company, OrbiMed Partners Master Fund Limited, The Biotech Growth Trust PLC, OrbiMed Genesis Master Fund, L.P., OrbiMed New Horizons Master Fund, L.P., Morgan Stanley Asia Limited, Merrill Lynch Far East Limited, Merrill Lynch (Asia Pacific) Limited, CLSA Capital Markets Limited and CLSA Limited pursuant to which OrbiMed Partners Master Fund Limited, The Biotech Growth Trust PLC, OrbiMed Genesis Master Fund, L.P., and OrbiMed New Horizons Master Fund, L.P. agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000;

(i) a cornerstone investment agreement dated 27 November 2020 entered into between the Company, 3W Fund Management Limited, Morgan Stanley Asia Limited, Merrill Lynch Far East Limited, Merrill Lynch (Asia Pacific) Limited, CLSA Capital Markets Limited and CLSA Limited pursuant to which 3W Fund Management Limited agreed to subscribe for Shares at the Offer Price in the amount of the Hong Kong dollar equivalent of US$5,000,000; and

(j) the Hong Kong Underwriting Agreement.

2. Intellectual property rights

Save as disclosed below, as of the Latest Practicable Date, there were no other trademarks, service marks, patents, intellectual property rights, or industrial property rights which are or may be material in relation to our business.

Trademarks

As at the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Registered owner	Class	Place of registration
1.	和铂医药	HBM Therapeutics	5	PRC
2.	HARBOUR MICE	Harbour Antibodies	31	U.S.
3.	(a) **和铂医药** (b) **和鉑醫藥**	The Company	5, 35, 42, 44	Hong Kong
4.	(a) Harbour BioMed (b) HARBOUR BIOMED (c) Harbour BIOMED (d) HARBOUR BioMed	The Company	5, 35, 42, 44	Hong Kong
5.	(a) HARBOUR BIOMED (b) HARBOUR BIOMED	The Company	5, 35, 42, 44	Hong Kong
6.	(a) Harbour Mice (b) HARBOUR MICE (c) Harbour MICE (d) HARBOUR Mice	The Company	42	Hong Kong
7.	HBICE	The Company	42	Hong Kong

Patents

For details of owned and in-licensed patent portfolios that we consider to be or may be material to our business, see "Business – Intellectual property".

Domain names

As at the Latest Practicable Date, we owned the following domain names which we consider to be or may be material to our business:

No.	Domain name	Registered owner
1.	harbourbiomed.com	HBM Shanghai
2.	harbourantibodies.com	HBM Shanghai

C. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Particulars of Directors' service contracts and appointment letters

Executive Directors

Each of our executive Directors entered into a service contract with our Company on 23 November 2020. The term of appointment shall be for an initial term of three years from the Listing Date or until the third annual general meeting of our Company after the Listing Date, whichever is sooner (subject to retirement as and when required under the Articles of Association). Either party may terminate the agreement by giving not less than three months' written notice.

The executive Directors are not entitled to receive any remuneration in their capacities as executive Directors under their respective service contracts.

Non-executive Director

Our non-executive Director entered into an appointment letter with our Company on 23 November 2020. The term of appointment shall be for an initial term of three years from the date of this document or until the third annual general meeting of our Company after the Listing Date, whichever is sooner (subject to retirement as and when required under the Articles of Association). Either party may terminate the agreement by giving not less than three months' written notice.

The non-executive Director is not entitled to receive any remuneration and benefits in his capacity as non-executive Director under his appointment letter.

Independent non-executive Directors

Each of our independent non-executive Directors entered into an appointment letter with our Company on 23 November 2020. The term of appointment shall be for an initial term of three years from the date of this document or until the third annual general meeting of our Company after the Listing Date, whichever is sooner (subject to retirement as and when required under the Articles of Association). Either party may terminate the agreement by giving not less than three months' written notice.

The annual director's fees of our independent non-executive Directors payable by us under their respective appointment letters is US$50,000.

2. Remuneration of Directors

(a) None of our Directors has or is proposed to have a service contract with any member of our Group other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

(b) The aggregate amount of remuneration paid and benefits in kind granted to our Directors by our Group in respect of the year ended 31 December 2019 was approximately US$1.36 million.

(c) Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors by any member of our Group in respect of the year ended 31 December 2020 is approximately US$1.47 million.

3. Disclosure of interests

Interests and short positions of our Directors in the share capital of our Company or our associated corporations following completion of the Global Offering

Immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued pursuant to the Share Schemes, the interests or short positions of our Directors and chief executives in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to

be entered in the register referred to therein, or which will be required, pursuant to the 'Model Code for Securities Transactions by Directors of Listed Issuers' contained in the Listing Rules, to be notified to our Company and the Stock Exchange are set out below:

Interest in our Company

Name of director	Nature of interest	Number of shares[(1)]	Approximate percentage of interest in our Company immediately after the Global Offering[(2)]
Dr. Jingsong Wang[(3)]	Interest in controlled corporations	1,508,360	7.86%
Dr. Mai-Jing Liao[(4)]	Beneficial interest	207,700	1.08%
Dr. Atul Mukund Deshpande[(5)]	Beneficial interest	72,000	0.38%
Dr. Robert Irwin Kamen[(6)]	Beneficial interest	103,201	0.54%

Notes:

(1) The number of shares will be subject to adjustments as a result to the Share Subdivision.

(2) It is assumed that the Over-allotment Option is not exercised and no Shares are issued pursuant to the Share Schemes.

(3) As of the date of this document, HARBOURBIO LLC holds 1,400,000 ordinary shares and 108,360 Series A2 Preferred Shares. HARBOURBIO LLC is a company incorporated in the State of South Dakota in the U.S., wholly owned and controlled by Dr. Wang.

(4) As of the date of this document, Dr. Mai-Jing Liao holds 169,000 ordinary shares and 38,700 Series A2 Preferred Shares.

(5) As of the date of this document, Dr. Atul Mukund Deshpande has been granted 72,000 restricted shares pursuant to the Pre-IPO Equity Plan which are held on his behalf by Shuxin Biotech Limited. See "History, development and corporate structure" for details.

(6) As of the date of this document, Dr. Robert Irwin Kamen holds 65,649 ordinary shares, which were issued to him by the Company on 7 December 2016 in consideration of his sale of shares in Harbour Antibodies to the Company as part of the Company's acquisition of Harbour Antibodies. In addition, he has been granted 37,552 restricted shares pursuant to the Pre-IPO Equity Plan which are held on his behalf by Shuxin Biotech Limited. See "History, development and corporate structure" for details.

Interests and short positions disclosable under Divisions 2 and 3 of Part XV of the SFO

For information, so far as is known to our Directors or chief executive, of each person, other than our Director or chief executive, who immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued pursuant to the Share Schemes will have an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, is, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group, see "Substantial shareholders".

D. SHARE SCHEMES

1. Pre-IPO Equity Plan

Summary

The following is a summary of the principal terms of the Pre-IPO Equity Plan (also referred to in this section headed "Pre-IPO Equity Plan" as the "**Plan**") of the Company as approved and adopted pursuant to the written resolution of the sole shareholder of the Company dated 11 November 2016 and amended on 26 October 2017, 6 August 2018, 19 September 2019 and 24 June 2020. The terms of the Pre-IPO Equity Plan are not subject to the provisions of Chapter 17 of the Listing Rules.

(a) Purpose

The purposes of the Plan are:

(a) To attract and retain the best available personnel for positions of substantial responsibility;

(b) To provide incentives that align the interests of employees, Directors and Consultants with those of the Company's shareholders; and

(c) To promote the success of the Company's business.

The Plan permits the grant of Incentive Stock Options, Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock and Restricted Stock Units (each as defined below and each an "**Award**").

(b) Who may join

Incentive Stock Options may be granted only to employees (as defined in the Plan), while Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock and Restricted Stock Units may be granted to employees, Directors or consultants (the "**Service Providers**").

(c) Maximum number of Shares and Reversion of Shares to Share Reserve

The maximum aggregate number of Shares that are available for all Awards is 3,312,481 Shares (the "**Scheme Limit**"). During the term of the Awards, the Company shall at all times reserve and keep available such number of Shares as will be sufficient to satisfy such Awards. The Shares may be authorized but unissued Shares, reacquired Shares or a combination thereof.

If Shares subject to an outstanding Award are not issued or delivered or are returned to the Company by reason of (i) the expiration, termination, cancellation or forfeiture of such Award, (ii) the settlement of such Award in cash, or (iii) the delivery or withholding of Shares to pay all or a portion of the exercise price of an Award, if any, or to satisfy all or a portion of the tax withholding obligations relating to an Award, then such Shares will revert to and again become available for issuance under the Plan. If the exercise price of any Award is satisfied by tendering Shares held by the participant, then the number of such tendered Shares will revert to and again become available for issuance under the Plan. With respect to Stock Appreciation Rights, only Shares actually issued pursuant to a Stock Appreciation Right will cease to be available under the Plan; all remaining Shares under Stock Appreciation Rights will remain available for future grant or sale under the Plan. Shares that have actually been issued under any Award will not be returned to the Plan and will not again become available for Awards, provided that if Shares issued pursuant to Awards of Restricted Stock or Restricted Stock Units are repurchased by, or forfeited to, the Company due to the failure to vest, such Shares will become available for future grant under the Plan.

Subject to adjustments as provided in the Plan and set out in the section headed "Adjustments; Dissolution or Liquidation; Change in Control" below, the maximum aggregate number of Shares that may be issued upon the exercise of Incentive Stock Options will equal the Scheme Limit plus, to the extent allowable under Section 422 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), any Shares that become available for issuance under the Plan pursuant to the terms set out above by reason of the expiration, termination, cancellation or forfeiture of an Award.

(d) Administration

The Plan shall be administered by the Board or its delegate (the "**Administrator**"), which shall have the authority to delegate its powers and duties under the Plan.

Subject to the provisions of the Plan and applicable laws, and subject to any restrictions set forth in the Company's the then effective Memorandum and Articles of Association, the Administrator will have the authority:

i. to determine the value of the Shares as of any date and, with respect to Nonstatutory Stock Options and Stock Appreciation Rights, in compliance with Section 409A of the Code (the "**Fair Market Value**");

ii. to select the Service Providers to whom Awards will be granted and the type of Award that will be granted;

iii. to determine when Awards are to be granted, the applicable grant date and the number of Shares to be covered by each Award;

iv. to approve forms of award agreements for use under the Plan;

v. to determine the terms and conditions of any Award, including the purchase, exercise or base price, the time or times when Awards may be exercised (which may be based on performance criteria), any forfeiture events, any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Administrator determines;

vi. to institute and determine the terms and conditions of any exchange program under which Awards may be surrendered or cancelled in exchange for cash or other Awards or transferred to a financial institution and/or purchase, and/or the exercise or base price of an outstanding Award may be reduced or increased;

vii. to construe and interpret the terms of the Plan and Awards;

viii. to establish sub-plans under the Plan, containing such limitations and other terms and conditions as the Administrator determines are necessary or desirable, for the purpose of satisfying blue sky, securities, tax or other laws of various jurisdictions in which the Company intends to grant Awards or qualifying for favorable tax treatment under applicable foreign laws;

ix. to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans;

x. to correct any defect, omission or inconsistency in the Plan or any award agreement, in a manner and to the extent it deems necessary or advisable to make the Plan fully effective;

xi. to amend any outstanding Award, including the discretionary authority to accelerate the time at which an Award may first be exercised or the time during which an Award or any part thereof will vest in accordance with the Plan or to extend the post-termination exercisability period of Awards (subject to Section 409A of the Code) and to extend the maximum term of an option;

xii. to allow participants to satisfy tax withholding obligations in a manner prescribed by subheading "Tax Withholding" below;

xiii. to authorize any individual to execute, on behalf of the Company, any instrument required to carry out the purposes of the Plan;

xiv. to allow a participant to defer the receipt of the payment of cash or the delivery of Shares that otherwise would be due to such participant under an Award (subject to Section 409A of the Code); and

xv. to make all other determinations deemed necessary or advisable for administering the Plan.

The Administrator's decisions, determinations and interpretations will be final, binding and conclusive.

Subject to approval by the Administrator, to the extent any employee, Director or consultant designates in writing, the Award granted to such employee, Director or consultant pursuant to this Plan shall be held by an SPV designated by such employee, Director or consultant (the "**SPV**") so long as the SPV agrees to be bound by this Plan and any award agreement as a employee, Director or consultant, as applicable.

(e) Term of the Plan

The Pre-IPO Equity Plan commenced on 11 November 2016 (the "**Effective Date**"). The Plan will continue in effect for a term of ten years from the Effective Date.

The Board may, subject to obtaining shareholder approval of any Plan amendment to the extent necessary and desirable to comply with applicable laws, at any time, amend, alter, suspend or terminate the Plan. No awards may be granted under the Plan while it is suspended or after it is terminated.

Unless the participant and the Administrator mutually agree otherwise in a written agreement signed by the participant and the Company, no amendment, alteration, suspension or termination of the Plan will impair the participant's rights under his or her Award. Termination of the Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted prior to the date of such termination.

(f) Grant of Awards

The date of grant of an Award will be, for all purposes, the date on which the Administrator makes the determination granting such Award, or such other later date as is determined by the Administrator. Notice of the determination will be provided to the participant within a reasonable time after the date of his or her grant.

Each Award will be evidenced by an award agreement setting forth the terms and conditions applicable to it. Each award agreement will be subject to the terms and conditions of the Plan.

Awards will be designed and operated in such a manner that they are either exempt from the application of, or comply with, the requirements of Section 409A of the Code. The Plan and each award agreement are intended to meet the requirements of Section 409A of the Code and will be construed and interpreted in accordance with such intent, except as otherwise determined in the Administrator's sole discretion.

(g) Stock Options

i. Grant of Options

Subject to the terms and conditions of the Plan, the Administrator, at any time and from time to time, may grant options ("**Options**" and each an "**Option**") in such amounts as the Administrator, in its sole discretion, will determine.

ii. Option Agreement

Each Award of an Option will be evidenced by an award agreement that will specify the exercise price, the term of the Option, the number of Shares subject to the Option, the exercise restrictions, if any, applicable to the Option, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

iii. Limitations

Each Option will be designated in the applicable award agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. An Incentive Stock Option is a stock option that by its terms qualifies and is otherwise intended to qualify as an incentive stock option within the meaning of Section 422 of the Code. A Nonstatutory Stock Option means a stock option that does not qualify or is not intended to qualify as an Incentive Stock Option.

Notwithstanding such designation, to the extent that the aggregate Fair Market Value (determined at the time of grant) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by any participant during any calendar year (under all plans of the Company and any affiliate) exceeds US$100,000, such Options or portions thereof that exceed such limit (according to the order in which they were granted) will be treated as Nonstatutory Stock Options. These calculations will be performed in accordance with Section 422 of the Code.

iv. Term of Option

The term of each Option will be stated in the applicable award agreement; provided, that (1) the term will be no more than ten years from the date of grant thereof and (2) in the case of an Incentive Stock Option granted to an employee who, at the time the Incentive Stock Option is granted, owns (or, pursuant to Section 424(d) of the Code, is deemed to own) stock representing more than 10% of the total combined voting power of all classes of stock of the Company or any affiliate, the term of the Incentive Stock Option will be five years from the date of grant thereof or such shorter term as may be provided in the applicable award agreement.

v. Exercise Price and Consideration

The per Share exercise price for the Shares to be issued pursuant to the exercise of an Option will be determined by the Administrator, but will be no less than 100% of the Fair Market Value per Share on the date of grant. In addition, in the case of an Incentive Stock Option granted to an employee who, at the time the Incentive Stock Option is granted, owns (or, pursuant to Section 424(d) of the Code, is deemed to own) stock representing more than 10% of the total combined voting power of all classes of stock of the Company or any affiliate, the per Share exercise price will be no less than 110% of the Fair Market Value per Share on the date of grant.

The period during which an Option may be exercised will be determined by the Administrator at the time such Option is granted, provided that no Option may be exercised after the expiration of its term. The Administrator may, in its sole discretion, determine any other conditions that must be satisfied before an Option may be exercised.

The Administrator will determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator will determine the acceptable form of consideration at the time of grant. To the extent permitted by applicable laws, such consideration, in the Administrator's sole discretion, may consist entirely of: (A) cash; (B) check; (C) promissory note; (D) other Shares owned by the participant free and clear of any liens, claims, encumbrances or security interests, provided that such Shares have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option will be exercised and provided further that accepting such Shares will not result in any adverse accounting consequences to the Company, as the Administrator determines in its sole discretion; (E) consideration received by the Company under a cashless exercise program (whether through a broker or otherwise) implemented by the Company in connection with the Plan; (F) a net exercise; (G) such other consideration and method of payment for the issuance of Shares; or (H) any combination of the foregoing methods of payment. In making its determination as to the type of consideration to accept, the Administrator will consider if acceptance of such consideration may be reasonably expected to benefit the Company.

vi. Exercise of Option

(i) Procedure for Exercise

Any Option will be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the applicable award agreement.

An Option will be deemed exercised when the Company receives: (A) a notice of exercise (in such form as the Administrator may specify from time to time) from the person entitled to exercise the Option; and (B) full payment for the Shares with respect to which the Option is exercised (together with applicable tax withholding). Full payment will consist of any consideration and method of payment authorized by the Administrator and permitted by the applicable award agreement and the Plan. Shares issued upon exercise of an Option will be issued in the name of the participant. The Company will issue (or cause to be issued) such Shares as soon as practicable after the Option is exercised.

Exercising an Option in any manner will decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(ii) Termination of Relationship as a Service Provider

If a participant ceases to be a Service Provider, other than upon the participant's termination as the result of his or her death or disability, the participant may exercise his or her Option, to the extent it is vested on the date of termination, within 30 days following termination or such longer period of time as is specified in the applicable award agreement (but in no event later than the expiration of the term of such Option as set forth in the applicable award agreement). If, after such termination, the participant does not exercise his or her Option within the aforementioned time, the Option will terminate and the Shares covered by such Option will revert to the Plan. Unless otherwise provided by the Administrator, if on the date of termination the participant is not vested as to all or a portion of any Option, the Shares covered by the unvested Option (or unvested portion of the Option) will revert to the Plan.

(iii) Disability of participant

If a participant ceases to be a Service Provider as a result of his or her disability, the participant may exercise his or her Option, to the extent it is vested on the date of termination, within six months following termination or such longer period of time as is specified in the applicable award agreement (but in no event later than the expiration of the term of such Option as set forth in the applicable award agreement). If, after such termination, the participant does not exercise his or her Option within the aforementioned time, the Option will terminate and the Shares covered by such Option will revert to the Plan. Unless otherwise provided by the Administrator, if on the date of termination the participant is not vested as to all or a portion of any Option, the Shares covered by the unvested Option (or unvested portion of the Option) will revert to the Plan.

(iv) Death of participant

If a participant dies while he or she is a Service Provider, the participant's designated beneficiary (provided such beneficiary has been designated, in a form acceptable to the Administrator, prior to the participant's death) may exercise the participant's Option, to the extent it is vested on the date of death, within six months following the participant's death or such longer period of time as is specified in the applicable award agreement (but in no event later than the expiration of the term of such Option as set forth in the applicable award agreement). If no such beneficiary was designated by the participant prior to his or her death, then the participant's Option may be exercised by the personal representative of the participant's estate or by the person(s) to whom the Option is transferred pursuant to the participant's will or in accordance with the laws of descent and distribution. If, after death, the participant's Option is not so exercised within the time specified in the Plan, the Option will terminate and the Shares covered by such Option will revert to the Plan. Unless otherwise provided by the Administrator, if at the time of death the participant is not vested as to all or a portion of any Option, the Shares covered by the unvested Option (or unvested portion of the Option) will revert to the Plan.

(h) Stock Appreciation Rights

i. Grant of Stock Appreciation Rights

Subject to the terms and conditions of the Plan, the Administrator, at any time and from time to time, may grant Stock Appreciation Rights in such amounts as the Administrator, in its sole discretion, will determine.

ii. Stock Appreciation Rights Agreement

Each Award of a Stock Appreciation Right will be evidenced by an award agreement that will specify the base price, the term of the Stock Appreciation Right, the number of Shares subject to the Award, the conditions of exercise (including vesting criteria), whether the Award is settled in cash, in Shares or in a combination thereof, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

iii. Term and Exercise of Stock Appreciation Rights

The term of each Stock Appreciation Right will be stated in the applicable award agreement. Notwithstanding the foregoing, the rules set out in subsections "Term of Option" and "Exercise of Option" set out under the section headed "Share Options" above will also apply to Stock Appreciation Rights.

iv. Base Price

The per Share base price for the Shares that will determine the amount of the payment to be received upon exercise of a Stock Appreciation Right as set forth in the section headed "Payment of Stock Appreciation Right Amount" below will be determined by the Administrator at the time of grant of the Stock Appreciation Right, but will be no less than 100% of the Fair Market Value per Share on the date of grant.

v. Payment of Stock Appreciation Right Amount

Upon a participant's exercise of a Stock Appreciation Right in accordance with the applicable award agreement, the participant will be entitled to receive payment from the Company in an amount determined by multiplying:

(i) the difference between the Fair Market Value of a Share on the date of exercise over the per Share base price determined by the Administrator in accordance with the section headed "Base Price" above; by

(ii) the number of vested Shares with respect to which the Stock Appreciation Right is exercised.

The payment upon exercise of a Stock Appreciation Right may, in the Administrator's sole discretion, be in cash, in Shares of equivalent value or in some combination thereof, as set forth in the applicable award agreement.

(i) Restricted Stock

i. Grant of Restricted Stock

Subject to the terms and conditions of the Plan, the Administrator, at any time and from time to time, may grant Restricted Stock in such amounts as the Administrator, in its sole discretion, will determine.

ii. Restricted Stock Agreement

Each Award of Restricted Stock will be evidenced by an award agreement that will specify the period of restriction, the number of Shares granted, and such other terms and conditions as the Administrator, in its sole discretion, will determine. Unless the Administrator determines otherwise, as set forth in the applicable award agreement, the Company will hold Restricted Stock, as escrow agent, until the restrictions on such Shares have lapsed.

iii. Removal of Restrictions

Except as otherwise provided in this section headed "Restricted Stock", Shares covered by each grant of Restricted Stock will be released from escrow as soon as practicable after the last day of the applicable period of restriction or at such other time as the Administrator may determine. The Administrator, in its sole discretion, may accelerate the time at which any restrictions will lapse or be removed.

iv. Return of Restricted Stock to Company

On the date set forth in the applicable award agreement, the Restricted Stock for which restrictions have not lapsed will revert to the Company and will again become available for grant under the Plan.

(j) Restricted Stock Units

i. Grant of Restricted Stock Units

Subject to the terms and conditions of the Plan, the Administrator, at any time and from time to time, may grant Restricted Stock Units in such amounts as the Administrator, in its sole discretion, will determine. No Shares will be issued at the time a Restricted Stock Unit is granted, and the Company will not be required to set aside a fund for the payment of any such Award.

ii. Restricted Stock Unit Agreement

Each Award of a Restricted Stock Unit will be evidenced by an award agreement that will specify the number of Shares subject to the Award, the vesting criteria, whether the Award is settled in cash, in Shares or in a combination thereof, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

iii. Vesting Criteria

The Administrator, in its sole discretion, will set vesting criteria which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that will be paid out to the participant. The Administrator, in its sole discretion, may set vesting criteria based upon the achievement of Company-wide, business unit or individual goals (including continued employment or service), or any other basis determined by the Administrator.

iv. Earning Restricted Stock Units

Upon meeting the applicable vesting criteria, the participant will be entitled to receive a payout as determined by the Administrator. Notwithstanding the foregoing, at any time after the grant of a Restricted Stock Unit, the Administrator, in its sole discretion, may reduce or waive any vesting criteria that must be met to receive a payout.

v. Timing and Form of Payment

Payment of earned Restricted Stock Units will be made at the time, and in the form, set forth in the applicable award agreement, but in no event later than the 15th day of the third month following the end of the calendar year in which such Restricted Stock Units became vested, except to the extent payment is deferred under an arrangement approved by the Administrator, in accordance with Section 409A of the Code. Settlement of vested Restricted Stock Units may, in the Administrator's sole discretion, be in cash, in Shares or in some combination thereof.

vi. Return of Restricted Stock Units to Company

On the date set forth in the applicable award agreement, all unvested Restricted Stock Units will revert to the Company and will again become available for grant under the Plan.

(k) Limited Transferability of Awards

Unless determined otherwise by the Administrator, (a) Awards (and, in the case of Options and Stock Appreciation Rights, the Shares subject to such Options or Stock Appreciation Rights prior to exercise) may not be sold, pledged, assigned, hypothecated or otherwise transferred in any manner, including by entering into any short position, any "put equivalent position" or any "call equivalent position" (as defined in Rule 16a-1(h) and Rule 16a-1(b), respectively, of the U.S. Securities Exchange Act of 1934, as amended), whether by operation of law or otherwise, other than by will or by the laws of descent and distribution, and may be exercised, during the lifetime of the participant, only by the participant and (b) Restricted Stock may not be sold, pledged, assigned, hypothecated or otherwise transferred in any manner until the end of the applicable period of restriction. If the Administrator makes an Award transferable, such Award may only be transferred (1) by will, (2) by the laws of descent and distribution, (3) to a revocable trust, or (4) as permitted by Rule 701 of the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). The terms of the Plan will be binding upon the executors, administrators, heirs, successors and assigns of the participants. Notwithstanding the foregoing, the Administrator, in its sole discretion, may determine to permit transfers to the Company, in connection with a Change in Control (as defined below) or other acquisition transaction involving the Company.

(l) Leaves of Absence/Transfer Between Locations

Unless the Administrator provides otherwise, vesting of a participant's Awards will be suspended during his or her unpaid leave of absence from the Company or any affiliate. A participant will not cease to be an employee in the case of (a) any leave of absence approved by the Company or (b) transfers between locations of the Company or between the Company and any affiliate. For purposes of Incentive Stock Options, no such leave of absence may exceed three months, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then six months following the 1st day of such leave, any Incentive Stock Option held by the participant will cease to be treated as an Incentive Stock Option and will be treated for tax purposes as a Nonstatutory Stock Option.

(m) Adjustments; Dissolution or Liquidation; Change in Control

(a) In the event of any dividend or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, reincorporation, share split, reverse share split, reorganization, merger, consolidation, split-up, spin-off, combination, reclassification, repurchase or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will appropriately adjust the number of Shares available under the Plan and the number and price of Shares subject to each outstanding Award, provided that the Administrator will make such adjustments in accordance with Section 409A of the Code, if applicable.

(b) In the event of the proposed dissolution or liquidation of the Company, the Administrator will notify each participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, the Administrator may cause an Award to terminate immediately prior to the consummation of such proposed dissolution or liquidation of the Company.

(c) For the purposes of the Plan, a "Change in Control" means the occurrence of any of the following events:

(i) a change in ownership of the Company that occurs when a person or a group acquires ownership of stock of the Company that, together with the stock held by such person or group, constitutes more than 50% of the total voting power of the stock of the Company; provided, however, that a Change in Control will not occur if any person or group owns more than 50% of the total voting power of the stock of the Company and acquires additional stock of the Company; provided, further, that any change in the ownership of the stock of the Company as a result of a private financing of the Company that is approved by the Board will not be considered a Change in Control;

(ii) the sale, lease, transfer, exclusive license or other disposition by the Company (or any subsidiary of the Company) of all or substantially all of the assets of the Company and its subsidiaries taken as a whole or the sale or disposition (whether by merger or otherwise) of one or more subsidiaries of the Company if substantially all of the assets of the Company and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Company; or

(iii) a merger or consolidation in which the Company is a constituent party (or a subsidiary of the Company is a constituent party and the Company issues shares pursuant to such merger or consolidation), except any such merger or consolidation (A) effected exclusively for the purpose of changing the Company's domicile or (B) involving the Company (or a subsidiary of the Company) in which the shares of the Company outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (x) the surviving or resulting corporation or (y) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation;

provided, however, that any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the Company or indebtedness of the Company is cancelled or converted (or a combination thereof) will not be deemed to be a Change in Control.

(d) In the event of a Change in Control, each outstanding Award will be treated as the Administrator (as constituted prior to such Change in Control) may determine without the participant's consent, subject to such participant's award agreement. Without limiting the generality of the foregoing sentence, in the event of a Change in Control, the Administrator may, in its sole discretion but subject to such participant's award agreement, provide that:

(i) Awards will be assumed, or substantially equivalent Awards will be substituted, by the acquiring or succeeding entity (or any affiliate thereof) with appropriate adjustments as to the number and kind of shares and prices;

(ii) all outstanding Awards, in whole or in part, will be surrendered to the Company by the holder thereof and immediately cancelled by the Company, with the holder thereof receiving (A) an amount of cash, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the participant's rights as of the date of the occurrence of such Change in Control (and, for the avoidance of doubt, if as of the date of the occurrence of such Change in Control, the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the participant's rights, then such Award may be terminated by the Company without payment), (B) such other rights or property selected by the Administrator in its sole discretion, or (C) a combination of (A) and (B);

(iii) all outstanding Options and Stock Appreciation Rights will immediately vest and become exercisable, in whole or in part, all restrictions on Restricted Stock and Restricted Stock Units will lapse, and, with respect to Awards subject to performance-based vesting, all performance goals or other vesting criteria will be deemed achieved at 100% of target level (or such other level specified by the Administrator) and all other terms and conditions met, in whole or in part, prior to or upon consummation of such Change in Control; or

(iv) any combination of the foregoing.

In taking any of the actions permitted under the rules set out in paragraph (d) above, the Administrator will not be obligated to treat all Awards, all Awards held by a participant, or all Awards of the same type, similarly.

Notwithstanding anything in the rules set out in paragraph (d) to the contrary, if a payment under an award agreement is subject to Section 409A of the Code and if a Change in Control does not constitute a "change in control event" as defined in Section 409A of the Code, then any payment of an amount that is otherwise accelerated pursuant to the rules set out in paragraph (d) will be delayed until the earliest time that such payment would be permissible under Section 409A of the Code without triggering any penalties applicable under Section 409A of the Code.

(n) Conditions Upon Issuance of Shares

Shares will not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares will comply with applicable laws and will be further subject to the approval of the Company's counsel with respect to such compliance.

As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of the Company's counsel, such a representation is required.

The Company's inability to obtain, after reasonable efforts, authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary for the lawful issuance and sale of any Shares hereunder, will relieve the Company of any liability for failure to issue or sell such Shares as to which such requisite authority has not been obtained. The Company will not be required to register under the Securities Act the Plan, any Award or any Share issued or issuable pursuant to any Award.

(o) Tax Withholding

Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof), the Company will have the power and the right to deduct or withhold, or require a participant to remit to the Company, an amount sufficient to satisfy federal, state, local, foreign or other taxes required to be withheld with respect to such Award (or exercise thereof), as determined by the Administrator.

The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a participant to satisfy the tax withholding obligations set out in the Plan, in whole or in part, by (without limitation): (i) paying cash, (ii) electing to have the Company withhold otherwise deliverable Shares having a Fair Market Value equal to the amount required to be withheld, (iii) delivering to the Company previously owned and unencumbered Shares having a Fair Market Value equal to the amount required to be withheld, provided the delivery of such Shares will not result in any adverse accounting consequences to the Company, as determined by the Administrator in its sole discretion, or (iv) selling a sufficient number of otherwise deliverable Shares through such means as the Administrator may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld. The Fair Market Value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld. Any fraction of a Share that would be required to satisfy such an obligation will be disregarded, and the remaining amount due will be paid in cash by the participant.

Awards granted under the Pre-IPO Equity Plan

As of the Latest Practicable Date, the aggregate number of restricted shares and restricted share units granted under the Pre-IPO Equity Plan (which remain outstanding) are 2,642,210 and 247,454, respectively. All the shares underlying the awards granted under the Pre-IPO Equity Plan have either been issued to the grantees or held by HBM Technology Limited, Shuxin Biotech Limited and Kastle Limited for the grantees.

As of 30 June 2020, HBM Technology Limited was wholly owned by Bright Swift Holdings Limited which was in turn wholly owned by Dr. Xiaoxiang Chen, and Shuxin Biotech Limited was wholly owned by Dr. Xiaoxiang Chen. The interest of HBM Technology Limited and Shuxin Biotech Limited in the Company is held for and on behalf of Dr. Xiaoxiang Chen and grantees of share awards under the Pre-IPO Equity Plan.

The following changes were subsequently effected for the purpose of administering the Pre-IPO Equity Plan: (i) Shuxin Biotech Limited transferred 900,000 and 54,000 ordinary shares of the Company to Dr. Wang (who subsequently transferred such shares to HARBOURBIO LLC) and Dr. Mai-Jing Liao, respectively, (ii) Bright Swift Holdings Limited issued additional share capital to the effect that it is held as to 37.25% by Dr. Xiaoxiang Chen and 62.75% by 29 other employees of the Group who are Independent Third Parties granted share awards pursuant to the Pre-IPO Equity Plan, (iii) Dr. Xiaoxiang Chen transferred 43.05% of the issued share capital in Shuxin Biotech Limited to HBM Technology Limited such that Shuxin Biotech Limited is held as to 43.05% by HBM Technology Limited and 56.95% by Dr. Xiaoxiang Chen, (iv) Shuxin Biotech Limited transferred 676,146 ordinary shares of the Company to Kastle Limited which holds such shares as trustee on behalf of employees of the Group who have been or will be granted share awards pursuant to the Pre-IPO Equity Plan.

Dr. Xiaoxiang Chen is beneficially interested in (i) 46,440 Series A2 Preferred Shares held by Shuxin Biotech Limited, representing 0.30% equity interest of the Company as of the date of this document or 0.24% equity interest of the Company immediately following the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Share Schemes), and (ii) 210,000 ordinary shares of the Company (or 8,400,000 Shares after the Share Subdivision, representing 1.33% equity interest of the Company as of the date of this document or 1.09% equity interest of the Company immediately following the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Share Schemes)) collectively held by HBM Technology Limited and Shuxin Biotech Limited. The beneficial interest in the remaining 1,460,606 ordinary shares of the Company (or 58,424,240 Shares after the Share Subdivision, representing 9.28% equity interest of the Company as of the date of this document or 7.61% equity interest of the Company immediately following the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Share Schemes)) collectively held by HBM Technology Limited, Shuxin Biotech Limited and Kastle Limited belongs to (i) 183 grantees comprised of 163 current employees of the Group, seven ex-employees of the Group, six members of our scientific advisory board, six external researchers in the Netherlands and an external consultant (Dr. Xun Zhu (朱迅)), who have been granted share awards pursuant to the Pre-IPO Equity Plan

with the number of underlying ordinary shares ranging from 360 to 72,000 (or 14,400 to 2,880,000 Shares after the Share Subdivision) and collectively interested in 1,037,789 ordinary shares of the Company (or 41,511,560 Shares after the Share Subdivision, representing 6.59% equity interest of the Company as of the date of this document or 5.41% equity interest of the Company immediately following the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Share Schemes)), and (ii) other grantees who will be granted share awards with up to 422,817 underlying ordinary shares of the Company (or 16,912,680 Shares after the Share Subdivision, representing 2.69% equity interest of the Company as of the date of this document or 2.20% equity interest of the Company immediately following the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Share Schemes)) pursuant to the Pre-IPO Equity Plan.

Dr. Xun Zhu is an Independent Third Party who has extensive R&D and academic experience in the field of immunology and has provided professional advice with respect to a wide range of functions including corporate strategy, product portfolio development, business development and talent recruitment since the Group was founded. In appreciation of Dr. Zhu's on-going contribution on personal account to the Group, especially during the early stage of development where Dr. Zhu's directional guidance has proven to be critical to the Company's present success, the Company has granted him 30,208 restricted share units (1,208,320 Shares underlying such restricted share units upon the Share Subdivision) which, upon vesting in full, will represent 0.16% of the total issued share capital of the Company upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and no shares are issued pursuant to the Share Schemes). Dr. Zhu is an independent non-executive director of Sihuan Pharmaceutical Holdings Group Ltd. (HKEX: 460). Dr. Zhu used to serve as deputy secretary general of the Changchun Municipal Government. Dr. Zhu has over 20 years of experience in the pharmaceutical industry. He is currently the chief of medicine and strategy of Pharmacodia* (藥渡戰略). He is also a special medical expert of Advantech Capital Investment* (尚珹資本) and an independent director of Shenzhen ChipScreen BioS* (深圳微芯生物) (SH.688321). To the best knowledge of the Company, Dr. Zhu is currently a special medical expert of Advantech Capital, one of the Pre-IPO Investors. He is also a member of the investment committee of JT New Century Bioventure Partnership which manages Shanghai Boxun Enterprise Management Consulting Partnership (Limited Partnership), also one of the Pre-IPO Investors. Save as disclosed herein, Dr. Zhu has no relationship with the Company, its subsidiaries, its shareholders, Directors and senior management or any of their respective associates. Dr. Zhu is an Independent Third Party.

The six external researchers in the Netherlands are employed by Erasmus Medical Center and they conduct research activities on early stage products for our Group based on separate research service agreements they signed with our Group. They have been granted share awards with 19,000 underlying ordinary shares of the Company in aggregate (or 760,000 Shares after the Share Subdivision) which, upon vesting in full, will represent 0.10% of the total issued share capital of the Company upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued pursuant to the Share Schemes).

2. Post-IPO Share Option Scheme

Summary

The following is a summary of the principal terms of the Post-IPO Share Option Scheme (the "**Post-IPO Share Option Scheme**") conditionally adopted by resolutions passed in the meeting of our Shareholders dated 23 November 2020. The terms of the Post-IPO Share Option Scheme will be governed by Chapter 17 of the Listing Rules.

(a) Purpose of the Post-IPO Share Option Scheme

The purpose of the Post-IPO Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of our Company and its Shares for the benefit of our Company and Shareholders as a whole. The Post-IPO Share Option Scheme will provide our Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to selected participants.

(b) Selected participants to the Post-IPO Share Option Scheme

Any individual, being an employee, director, officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to our Group is entitled to be offered and granted options. However, no individual who is resident in a place where the grant, acceptance or exercise of options pursuant to the Post-IPO Share Option Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, is eligible to be offered or granted options.

(c) Maximum number of Shares

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and options to be granted under any other share option schemes of the Company is 76,789,116, being no more than 10% of the Shares in issue on the date the Shares commence trading on the Stock Exchange (the "**Option Scheme Mandate Limit**") (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options granted under the Pre-IPO Equity Incentive Plan and grants under the Post-IPO Share Award Scheme). Options which have lapsed in accordance with the

terms of the rules of the Post-IPO Share Option Scheme (or any other share option schemes of the Company) shall not be counted for the purpose of calculating the Option Scheme Mandate Limit.

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes of the Company at any time (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the Shares in issue from time to time (the "**Option Scheme Limit**"). No options may be granted under any schemes of our Company (or its subsidiaries) if this will result in the Option Scheme Limit being exceeded.

The Option Scheme Mandate Limit may be refreshed at any time by obtaining prior approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. However, the refreshed Option Scheme Mandate Limit cannot exceed 10% of the Shares in issue as at the date of such approval. Options previously granted under the Post-IPO Share Option Scheme and any other share option schemes of our Company (and to which provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, cancelled or lapsed in accordance with its terms or exercised), shall not be counted for the purpose of calculating the refreshed Option Scheme Mandate Limit.

Our Company may also grant options in excess of the Option Scheme Mandate Limit, provided such grant is to specifically identified selected participant and is first approved by Shareholders in general meeting.

(d) Maximum entitlement of a grantee

Unless approved by our Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of the Company to each selected participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue (the "**Individual Limit**"). Any further grant of options to a selected participant which would result in the aggregate number of Shares issued and to be issued upon exercise of all options granted and to be granted to such selected participant (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of our Shareholders (with such selected participant and his associates abstaining from voting).

(e) Performance target

The Post-IPO Share Option Scheme does not set out any performance targets that must be achieved before the options may be exercised. However, the Board or its delegate(s) may at their sole discretion specify, as part of the terms and conditions of any option, such performance conditions that must be satisfied before the option can be exercised.

(f) Subscription price

The amount payable for each Share to be subscribed for under an option ("**Subscription Price**") in the event of the option being exercised shall be determined by the Board but shall be not less than the greater of:

i. the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;

ii. the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

iii. the nominal value of a Share on the date of grant.

(g) Rights are personal to grantee

An option is personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favour of or enter into any agreement with any other person over or in relation to any option, except for the transmission of an option on the death of the grantee to his personal representative(s) on the terms of the Post-IPO Share Option Scheme.

(h) Options granted to directors or substantial shareholders of the Company

Each grant of options to any director, chief executive or substantial shareholder of our Company (or any of their respective associates) must first be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a proposed recipient of the grant of options). Where any grant of options to a substantial shareholder or an independent non-executive Director of our Company (or any of their respective associates) would result in the number of Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

i. representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and

ii. having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange),

such further grant of options must also be first approved by the Shareholders (voting by way of poll) in general meeting. In obtaining the approval, our Company shall send a circular to the Shareholders in accordance with and containing such information as is required under the Listing Rules. All connected persons of our Company shall abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

(i) Grant offer letter and notification of grant of options

An offer shall be made to selected participants by a letter in duplicate which specifies the terms on which the option is to be granted. Such terms may include any minimum period(s) for which an option must be held and/or any minimum performance target(s) that must be achieved, before the option can be exercised in whole or in part, and may include at the discretion of the Board or its delegate(s) such other terms either on a case basis or generally.

An offer shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee with the number of Shares in respect of which the offer is accepted clearly stated therein, together with a remittance in favour of our Company of HK$1.00 by way of consideration for the grant thereof, which must be received by the Company within 20 business days from the date on which the offer letter is delivered to the grantee.

Any offer may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares or a multiple thereof. To the extent that the offer is not accepted within 20 business days from the date on which the letter containing the offer is delivered to that selected participant, it shall be deemed to have been irrevocably declined.

(j) Restriction of grant of options

No offer shall be made and no option shall be granted to any selected participant in circumstances prohibited by the Listing Rules or at a time when the selected participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any applicable rules, regulations or law. No offer shall be made and no option shall be granted to any selected participant where such person is in possession of any unpublished inside information in relation to our Company until such inside information has been published in an announcement in accordance with the Listing Rules. Furthermore, no offer shall be made and no option shall be granted:

i. during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

ii. during the period of 30 days immediately preceding the publication date of the half-year results or, if shorter, the period from the end of the relevant half-year period up to the publication date of the results.

Such period will also cover any period of delay in the publication of any results announcement.

(k) Time of exercise of an option

An option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to the Company in such form as the Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

(l) Cancellation of options

Any breaches of the rules of the Post-IPO Share Option Scheme by a grantee may result in the options granted to such grantee being cancelled by the Company. Any options granted but not exercised may be cancelled if the grantee so agrees. Issuance of new options to the same grantee may only be made if there are unissued options available under the Post-IPO Share Option Scheme (excluding the cancelled options) and in compliance with the terms of the Post-IPO Share Option Scheme.

(m) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

i. the expiry of the period within which an option may be exercised, which is to be determined and notified by the Board to each grantee at the time of making an offer, and shall not expire later than ten years from the date of grant (the "**Option Period**");

ii. the expiry of any of the periods for exercising the option as referred to in paragraphs (p), (q), (r) and (s) below; and

iii. the date on which the grantee commits a breach of the rules of the Post-IPO Share Option Scheme.

(n) Voting and dividend rights

No dividends shall be payable and no voting rights shall be exercisable in relation to any options or Shares that are the subject of options that have not been exercised.

(o) Effects of alterations in the capital structure of the company

In the event of an alteration in the capital structure of the Company whilst any option remains exercisable by way of capitalisation of profits or reserves, rights issue, subdivision or consolidation of shares, or reduction of the share capital of the Company in accordance with legal requirements and requirements of the Stock

Exchange (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party), such corresponding alterations (if any) shall be made to:

i. the number or nominal amount of Shares comprised in each option so far as unexercised; and/or

ii. the Subscription Price; and/or

iii. the method of exercise of the option,

or any combination thereof, as the auditors or a financial advisor engaged by our Company for such purpose shall, at the request of the Company, certify in writing, either generally or as regards any particular grantee, to be in their opinion fair and reasonable, provided always that any such adjustments should give each grantee the same proportion of the equity capital of our Company as that to which that grantee was previously entitled prior to such adjustments, and no adjustments shall be made which will enable a Share to be issued at less than its nominal value. The capacity of the auditors or financial advisor (as the case may be) is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on our Company and the grantees. The costs of the auditors or financial advisor (as the case may be) shall be borne by our Company.

(p) Cessation of employment and other events

If a grantee ceases to be selected participant by reason of (i) death of the grantee, (ii) termination of the grantee's employment or contractual engagement with the Group or its affiliate by reason of his/her permanent physical or mental disablement, (iii) retirement of the grantee, the option may be exercised within the Option Period, or such other period as the Board or its delegate(s) may decide in their sole discretion.

In the case of death of a grantee, the option may be exercised within that period by the personal representatives of the grantee. In the case where a grantee no longer has any legal capacity to exercise the option, the option may be exercised within that period by the persons charged with the duty of representing the grantee under the relevant laws in Hong Kong. If the option is not exercised within the time mentioned above, the option shall lapse.

If a grantee, being an employee whose employment is terminated by the Group or its affiliate (as applicable) by reason of the employer terminating the contract of employment without notice or payment in lieu of notice, or the grantee having been convicted of any criminal offence involving his/her integrity or honesty, the option shall immediately lapse.

If a grantee is declared bankrupt or becomes insolvent or makes any arrangements or composition with his/her creditors generally, the option shall immediately lapse.

If a grantee being an employee ceases to be a selected participant due to termination of his or her employment or contractual engagement with the Group by reason of redundancy, the option may be exercised within three months of such cessation or within the Option Period, whichever is the shorter, or such other period as the Board or its delegate(s) may decide in their sole discretion.

If a grantee ceases to be selected participant other than in any of the circumstances described above, unless otherwise provided in the option agreement, a grantee may exercise his or her option within three months of such cessation or within the Option Period, whichever is the shorter, or such other period as the Board or its delegate(s) may decide in their sole discretion.

(q) Rights on takeover and schemes of compromise or arrangement

If a general offer by way of takeover is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), and the offer becomes or is declared unconditional in all respects, the grantee shall be entitled to exercise the option (to the extent not already exercised) at any time within one month (or such other period as the Board or its delegate(s) may decide in their sole discretion) after the date on which the general offer becomes or is declared unconditional. If the option is not exercised within the time specified, the option shall lapse.

If a compromise or arrangement between the Company and its members or creditors is proposed, our Company shall give notice to the grantee on the same date as it despatches the notice to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the grantee (or his personal representatives) may until the expiry of the period commencing with such date and ending with earlier of the date two calendar months thereafter or the date on which such compromise or arrangement is sanctioned by the court exercise any of his options (to the extent not already exercised) whether in full or in part, but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective, and upon such compromise or arrangement becoming effective, all options shall lapse except insofar as previously exercised under the Post-IPO Share Option Scheme. Our Company may require the grantee to transfer or otherwise deal with the Shares issued as a result of the exercise of options in these circumstances so as to place the grantee in the same position, as nearly as possible, as would have been the case had such Shares been subject to such compromise or arrangement. If the option is not exercised within the time specified, the option shall lapse.

(r) Rights on a voluntary winding up

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it dispatches such notice to each member of our Company give notice thereof to all grantees (together with a notice of the existence of the provisions of this sub-paragraph) and thereupon, each grantee (or his personal representatives) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the grantee credited as fully paid. If the option is not exercised within the time specified, the option shall lapse.

(s) Rights on a compulsory winding up

In the event of a petition for winding-up being filed against the company in a court of relevant and competent jurisdiction, all unexercised options shall lapse on the date of filing such petition.

(t) Ranking of Shares

The Shares to be allotted and issued upon the exercise of an option shall be identical to the then existing issued Shares of the Company and subject to all the provisions of the memorandum and articles of association of the Company for the time being in force and will rank *pari passu* with the other fully paid Shares in issue on the date the name of the grantee is registered on the register of members of the Company or if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members, save that the grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of the Company) declared or recommended or resolved to be paid to the Shareholders on the register on a date prior to such registration.

(u) Duration

The Post-IPO Share Option Scheme shall be valid and effective for the period of ten years commencing on the Listing Date (after which, no further options shall be offered or granted under the Post-IPO Share Option Scheme), but in all other respects the provisions of the Post-IPO Share Option Scheme shall remain in full

force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the rules of the Post-IPO Share Option Scheme.

(v) Alteration of the Post-IPO Share Option Scheme

The Board may subject to the rules of the Post-IPO Share Option Scheme amend any of the provisions of the Post-IPO Share Option Scheme (including, without limitation, amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the Post-IPO Share Option Scheme, which are not found in Chapter 17 of the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any grantee at that date).

Those specific provisions of the Post-IPO Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of selected participants, and no changes to the authority of the administrator of the Post-IPO Share Option Scheme in relation to any alteration of the terms of the Post-IPO Share Option Scheme shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms of the Post-IPO Share Option Scheme which are of a material nature, or any change to the terms and conditions of options granted, must also, to be effective, be approved by the Shareholders in general meeting and the Stock Exchange, except where the alterations take effect automatically under the existing terms of the Post-IPO Share Option Scheme. The options and the Post-IPO Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules. Any change to the authority of the directors of the Company or scheme administrators in relation to any alteration to the terms of the Post-IPO Share Option Scheme must be approved by Shareholders in general meeting.

Notwithstanding any provisions to the contrary in the Post-IPO Share Option Scheme, if on the relevant date of exercise there are restrictions or conditions imposed by the relevant laws and regulations to which the grantee is subject and the grantee has not obtained approval, exemption or waiver from the relevant regulatory authorities for the subscription of and dealing in the Shares, the grantee may sell the options to such transferee, subject to the approval by the Board, which shall not unreasonably withhold or delay such approval. In the event that the options are transferred to a connected person of our Company, no Shares shall be allotted and issued upon the exercise of the options by a connected person of our Company unless the Board is satisfied that the allotment and issue of Shares will not trigger any breach of the Listing Rules, the Articles of Association, the Companies Law or the Takeovers Code.

(w) Termination

The Shareholders by ordinary resolution in general meeting or the Board may at any time resolve to terminate the operation of the Post-IPO Share Option Scheme prior to the expiry of the Post-IPO Share Option Scheme and in such event no further options will be offered or granted but the provisions of the Post-IPO Share Option Scheme shall remain in full force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of the Post-IPO Share Option Scheme and remain unexercised and unexpired immediately prior to the termination of the operation of the Post-IPO Share Option Scheme shall continue to be valid and exercisable in accordance with their terms of issue after the termination of the Post-IPO Share Option Scheme.

Details of the options granted, including options exercised or outstanding, under the Post-IPO Share Option Scheme shall be disclosed in the circular to the Shareholders seeking approval of the new scheme established after the termination of the Post-IPO Share Option Scheme.

3. Post-IPO Share Award Scheme

Summary

The following is a summary of the principal terms of the Post-IPO Share Award Scheme conditionally adopted by resolutions passed in the meeting of our Shareholders dated 23 November 2020 (the "**Post-IPO Share Award Scheme**"). The Post-IPO Share Award Scheme is not a share option scheme and is not subject to the provisions of Chapter 17 of the Listing Rules. The Company may appoint trustee(s) ("**Trustee**") to administer the Post-IPO Share Award Scheme with respect to the grant of any award by the Board (an "**Award**") which may vest in the form of Shares ("**Award Shares**") or the actual selling price of the Award Shares in cash in accordance with the Post-IPO Share Award Scheme.

(a) Eligible Persons to the Post-IPO Share Award Scheme

Any individual, being an employee, director (including executive Directors, non-executive Directors and independent non-executive Directors), officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate (an "**Eligible Person**" and, collectively "**Eligible Persons**") who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group is eligible to receive an Award. However, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Post-IPO Share Award Scheme is not permitted under the laws

and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Post-IPO Share Award Scheme.

(b) Purpose of the Post-IPO Share Award Scheme

The purposes of the Post-IPO Share Award Scheme are to align the interests of Eligible Persons' with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain Eligible Persons to make contributions to the long-term growth and profits of the Group.

(c) Awards

An Award gives a selected participant a conditional right, when the Award Shares vest, to obtain the Award Shares or, if in the absolute discretion of the Board or its delegate(s), it is not practicable for the selected participant to receive the Award in Shares, the cash equivalent from the sale of the Award Shares. An Award includes all cash income from dividends in respect of those Shares from the date the Award is granted (the "**Grant Date**") to the date the Award vests (the "**Vesting Date**"). For the avoidance of doubt, the Board at its discretion may from time to time determine that any dividends declared and paid by the Company in relation to the Award Shares be paid to the selected participant even though the Award Shares have not yet vested.

(d) Grant of Award

i. Making the Grant

The Board or the committee of the Board or person(s) to which the Board has delegated its authority may, from time to time, at their absolute discretion, grant an Award to a selected participant (in the case of the Board's delegate(s), to any selected participant other than a Director or an officer of the Company) by way of an award letter ("**Award Letter**")**.** The Award Letter will specify the Grant Date, the number of Award Shares underlying the Award, the vesting criteria and conditions, the Vesting Date and such other details as the Board or its delegate(s) may consider necessary.

Each grant of an Award to any Director or the chairman of the Company shall be subject to the prior approval of the independent non-executive Directors of the Company (excluding any independent non-executive Director who is a proposed recipient of an Award). The Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for any grant of Shares to connected persons of the Company.

ii. Restrictions on Grants and Timing of Grants

The Board and its delegate(s) may not grant any Award Shares to any selected participant in any of the following circumstances:

(A) where any requisite approval from any applicable regulatory authorities has not been granted;

(B) where any member of the Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Award or the Post-IPO Share Award Scheme, unless the Board determines otherwise;

(C) where such Award would result in a breach by any member of the Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction;

(D) where such grant of Award would result in a breach of the Post-IPO Share Award Scheme Limit (as defined below) or would otherwise cause the Company to issue Shares in excess of the permitted amount in the mandate approved by the Shareholders;

(E) where an Award is to be satisfied by way of issue of new Shares to the Trustee, in any circumstances that cause the total Shares issued or allotted to connected persons to be in excess of the amount permitted in the mandate approved by the Shareholders;

(F) where any Director of the Company is in possession of unpublished inside information in relation to the Company or where dealings by Directors of the Company are prohibited under any code or requirement of the Listing Rules and all applicable laws, rules or regulations, from time to time;

(G) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(H) during the period of 30 days immediately preceding the publication date of the half-year results or, if shorter, the period from the end of the relevant half-year period up to the publication date of the results.

(e) Maximum Number of Shares to be Granted

The aggregate number of Shares underlying all grants made pursuant to the Post-IPO Share Award Scheme (excluding Award Shares which have been forfeited in accordance with the Post-IPO Share Award Scheme) will not exceed 38,394,558 Shares (representing approximately 5% of the total issued Shares immediately after completion of the Global Offering, assuming the Over-allotment Option is not exercised and no Shares are issued pursuant to the Post-IPO Share Option Scheme) without Shareholders' approval (the "**Post-IPO Share Award Scheme Limit**") subject to an annual limit of 1% of the total number of issued Shares at the relevant time.

(f) Scheme Mandate

To the extent that the Post-IPO Share Award Scheme Limit is subsequently increased by way of alteration of the Post-IPO Share Award Scheme and the Company is required to issue and allot new shares to satisfy any Awards in excess of any amount previously approved by the Shareholders, the Company shall at a general meeting propose, and the Shareholders shall consider and, if thought fit, pass an ordinary resolution approving a mandate specifying:

i. the maximum number of new Shares that may be issued for this purpose; and

ii. that the Board has the power to issue, allot, procure the transfer of and otherwise deal with the Shares in connection with the Post-IPO Share Award Scheme.

The mandate will remain in effect during the period from the passing of the ordinary resolution granting the mandate until the variation or revocation of such mandate by an ordinary resolution of the Shareholders in a general meeting.

(g) Rights attached to the Award

Save that the Board at its discretion may from time to time determine that any dividends declared and paid by the Company in relation to the Award Shares be paid to the selected participants even though the Award Shares have not yet vested, the selected participant only has a contingent interest in the Award Shares underlying an Award unless and until such Award Shares are actually transferred to the selected participant, nor does he/she have any rights to any related income until the Award Shares vest.

Neither the selected participant nor a Trustee may exercise any voting rights in respect of any Award Shares that have not yet vested.

(h) Rights attached to the Shares

Any Award Shares transferred to a selected participant in respect of any Awards will be subject to all the provisions of the Memorandum and the Articles and will form a single class with the fully paid Shares in issue on the relevant date.

(i) Issue of Shares and/or transfer of funds to the Trustee

Where a Trust has been established for the purposes of the Share Award Scheme and if so required by the Company, the Company shall, as soon as reasonably practicable and no later than 30 business days from the Grant Date, (i) issue and allot Shares to the Trustee under the specific mandate sought from Shareholders during the general meeting and/or (ii) transfer to the Trustee the necessary funds and instruct the Trustee to acquire Shares through on-market transactions at the prevailing market price, so as to satisfy the Awards.

(j) Assignment of Awards

Unless express written consent is obtained from the Board or the committee of the Board or person(s) to which the Board has delegated its authorities, any Award Shares granted under the Post-IPO Share Award Scheme but not yet vested are personal to the selected participants to whom they are granted and cannot be assigned or transferred. A selected participant shall not in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to any Award, or enter into any agreement to do so.

(k) Vesting of Awards

The Board or its delegate(s) may from time to time while the Post-IPO Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award to be vested.

Within a reasonable time period as agreed between the Trustee and the Board from time to time prior to any Vesting Date, the Board or its delegate(s) will send a vesting notice to the relevant selected participant and instruct the Trustee the extent to which the Award Shares held in the Trust shall be transferred and released from the Trust to the selected participant. Subject to the receipt of the vesting notice and notification from the Board or its delegate(s), the Trustee will transfer and release the relevant Award in the manner as determined by the Board or its delegate(s).

If, in the absolute discretion of the Board or its delegate(s), it is not practicable for the selected participant to receive the Award in Shares, solely due to legal or regulatory restrictions with respect to the selected participant's ability to receive the Award in Shares or the Trustee's ability to give effect to any such transfer to the

selected participant, the Board or its delegate(s) will direct and procure the Trustee to sell, on-market at the prevailing market price, the number of Award Shares so vested in respect of the selected participant and pay the selected participant the proceeds arising from such sale based on the actual selling price of such Award Shares in cash as set out in the vesting notice.

If there is an event of change in control of the Company by way of a merger, a privatization of the Company by way of a scheme or by way of an offer, the Board or the committee of the Board or person(s) to which the Board has delegated its authority shall at their sole discretion determine whether the Vesting Dates of any Awards will be accelerated to an earlier date.

(l) Consolidation, subdivision, bonus issue and other distribution

In the event the Company undertakes a subdivision or consolidation of the Shares, corresponding changes will be made to the number of outstanding Award Shares that have been granted provided that the adjustments shall be made in such manner as the Board determines to be fair and reasonable in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Post-IPO Share Award Scheme for the selected participants. All fractional shares (if any) arising out of such consolidation or subdivision in respect of the Award Shares of a selected participant shall be deemed as returned shares and shall not be transferred to the relevant selected participant on the relevant Vesting Date. Each Trustee shall hold returned shares to be applied towards future Awards in accordance with the provisions of the Post-IPO Share Award Scheme rules for the purpose of the Post-IPO Share Award Scheme.

In the event of an issue of Shares by the Company credited as fully paid to the holders of the Shares by way of capitalization of profits or reserves (including share premium account), the Shares attributable to any Award Shares held by a Trustee shall be deemed to be an accretion to such Award Shares and shall be held by the Trustee as if they were Award Shares purchased by the Trustee hereunder and all the provisions hereof in relation to the original Award Shares shall apply to such additional Shares.

In the event of any non-cash distribution or other events not referred to above by reason of which the Board considers an adjustment to an outstanding Award to be fair and reasonable, an adjustment shall be made to the number of outstanding Award Shares of each selected participant as the Board shall consider as fair and reasonable, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Post-IPO Share Award Scheme for the selected participants. The Company shall provide such funds, or such directions on application of the returned shares or returned trust funds, as may be required to enable each Trustee to purchase Shares on-market at the prevailing market price to satisfy the additional Award.

In the event the Company undertakes an open offer of new securities, no Trustee shall subscribe for any new Shares. In the event of a rights issue, a Trustee shall seek instructions from the Company on the steps or actions to be taken in relation to the nil-paid rights allotted to it.

(m) Cessation of employment and other events

If a Selected Participant ceases to be an Eligible Person by reason of retirement of the Selected Participant, any outstanding Award Shares and Related Income not yet vested shall continue to vest in accordance with the Vesting Dates set out in the Award Letter, unless the Board or its delegate(s) determines otherwise at their absolute discretion.

If a Selected Participant ceases to be an Eligible Person by reason of (i) death of the Selected Participant, (ii) termination of the Selected Participant's employment or contractual engagement with the Group or an Affiliate by reason of his/her permanent physical or mental disablement, (iii) termination of the Selected Participant's employment or contractual engagement with the Group by reason of redundancy, any outstanding Award Shares and Related Income not yet vested shall be immediately forfeited, unless the Board or its delegate(s) determines otherwise at their absolute discretion.

If a Selected Participant, being an Employee whose employment is terminated by the Group or an Affiliate by reason of the employer terminating the contract of employment without notice or payment in lieu of notice, or the Selected Participant having been convicted of any criminal offence involving his or her integrity or honesty, any outstanding Award Shares and Related Income not yet vested shall be immediately forfeited, unless the Board or its delegate(s) determines otherwise at their absolute discretion.

If a Selected Participant is declared bankrupt or becomes insolvent or makes any arrangements or composition with his or her creditors generally, any outstanding Award Shares and Related Income not yet vested shall be immediately forfeited, unless the Board or its delegate(s) determines otherwise at their absolute discretion.

If a selected participant ceases to be an Eligible Person for reasons other than those stated this paragraph, any outstanding Award Shares and related income not yet vested shall be immediately forfeited, unless the Board or its delegate(s) determines otherwise at their absolute discretion.

(n) Alteration of the Post-IPO Share Award Scheme

The Post-IPO Share Award Scheme may be altered in any respect (save for the Post-IPO Share Award Scheme Limit) by a resolution of the Board provided that no such alteration shall operate to affect adversely any subsisting rights of any selected participant unless otherwise provided for in the rules of the Post-IPO Share Award Scheme, except:

i. with the consent in writing of selected participants amounting to three-fourths in nominal value of all Award Shares granted but not yet vested on that date; or

ii. with the sanction of a special resolution that is passed at a meeting of the selected participants amounting to three-fourths in nominal value of all Award Shares held granted but not yet vested on that date.

(o) Termination

The Post-IPO Share Award Scheme shall terminate on the earlier of:

i. the end of the period of ten years commencing on the Listing Date except in respect of any non-vested Award Shares granted hereunder prior to the expiration of the Post-IPO Share Award Scheme, for the purpose of giving effect to the vesting of such Award Shares or otherwise as may be required in accordance with the provisions of the Post-IPO Share Award Scheme; and

ii. such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant under the rules of the Post-IPO Share Award Scheme, provided further that for the avoidance of doubt, the change in the subsisting rights of a selected participant in this paragraph refers solely to any change in the rights in respect of the Award Shares already granted to a selected participant.

(p) Administration of the Post-IPO Share Award Scheme

The Board has the power to administer the Post-IPO Share Award Scheme in accordance with the rules of the Post-IPO Share Award Scheme and, where applicable, the Trust deed, including the power to construe and interpret the rules of the Post-IPO Share Award Scheme and the terms of the Awards granted under the Post-IPO Share Award Scheme. The Board may delegate the authority to administer the Post-IPO Share Award Scheme to a committee of the Board or other person(s) as deemed appropriate at the sole discretion of the Board. The Board or its delegate(s) may also appoint one or more independent third party contractors to assist in the administration of the Post-IPO Share Award Scheme as they think fit.

(q) Grant of Shares under the Post-IPO Share Award Scheme

As of the date of this document, no Shares had been granted or agreed to be granted under the Post-IPO Share Award Scheme.

An application has been to the Listing Committee for the listing of, and permission to deal in, the Shares which may be issued pursuant to the Post-IPO Share Award Scheme.

E. OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall upon any member of our Group.

2. Litigation

No member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company that would have a material adverse effect on our Company's results of operations or financial condition.

3. Joint Sponsors

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors will receive an aggregate of US$1.2 million for acting as the sponsor for the Listing.

4. Consent of experts

This document contains statements made by the following experts:

Name	Qualification
Morgan Stanley Asia Limited	Licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (Asset management) regulated activities as defined under the SFO
Merrill Lynch Far East Limited	Licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities as defined under the SFO
CLSA Capital Markets Limited	Licensed corporation to conduct type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
Jingtian & Gongcheng	Qualified PRC Lawyers
Travers Thorp Alberga	Cayman Islands attorneys-at-law
Ernst & Young	Certified public accountants
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

As at the Latest Practicable Date, none of the experts named above has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Each of the experts named above have given and have not withdrawn their respective written consent to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

5. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

6. Bilingual document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

7. Preliminary expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

8. Disclaimers

(a) Within the two years immediately preceding the date of this document:

(i) there are no commissions (but not including commission to sub-underwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of our Company; and

(ii) there are no commissions, discounts, brokerages or other special terms granted in connection with the issue or sale of any capital of any member of our Group, and no Directors, promoters or experts named in the part headed "– Other information – Consent of experts" received any such payment or benefit.

(b) In addition:

(i) there are no founder, management or deferred shares in our Company or any member of our Group;

(ii) we do not have any promoter and no cash, securities or other benefit has been paid, allotted or given within the two years immediately preceding the date of this document, or are proposed to be paid, allotted or given to any promoters;

(iii) none of the Directors or the experts named in the part headed "– Other information – Consent of experts" above has any interest, direct or indirect, in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(iv) there are no bank overdrafts or other similar indebtedness by our Company or any member of our Group;

(v) there are no hire purchase commitments, guarantees or other material contingent liabilities of our Company or any member of our Group;

(vi) there are no outstanding debentures of our Company or any member of our Group;

(vii) there are no other stock exchange on which any part of the equity or debt securities of our Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought;

(viii) no capital of any member of our Group is under option, or is agreed conditionally or unconditionally to be put under option; and

(ix) there are no contracts or arrangements subsisting at the date of this document in which a Director is materially interested or which is significant in relation to the business of our Group.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were, among other documents,:

(a) copies of the **GREEN** Application Form;

(b) the written consents referred to in "Statutory and general information – E. Other information – 4. Consent of experts" in Appendix IV; and

(c) copies of the material contracts referred to in "Statutory and general information – B. Further information about our business – 1. Summary of material contracts" in Appendix IV.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Skadden, Arps, Slate, Meagher & Flom at 42/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this document:

(a) the Memorandum and the Articles;

(b) the material contracts referred to in "Statutory and general information – B. Further information about our business – 1. Summary of material contracts" in Appendix IV;

(c) the service contracts and the letters of appointment with our Directors referred to in "Statutory and general information – C. Further information about our directors – 1. Particulars of Directors' service contracts and appointment letters" in Appendix IV;

(d) the report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a summary of which is set forth in the section headed "Industry overview";

(e) the PRC legal opinions issued by Jingtian & Gongcheng, our PRC Legal Adviser, in respect of certain general corporate matters and property interests in the PRC of our Group;

(f) the Accountants' Report on our Group and the report on the unaudited pro forma financial information of our Group prepared by Ernst & Young, the texts of which are set out in Appendices I and II;

(g) the audited consolidated financial statements of our Company for the years ended 31 December 2018 and 2019 and for the six months ended 30 June 2020;

(h) the letter of advice prepared by Travers Thorp Alberga, our legal adviser on Cayman Islands law, summarising certain aspects of Cayman company law referred to in Appendix III;

(i) the Cayman Companies Law;

(j) the written consents referred to in "Statutory and general information – E. Other information - 4. Consent of experts" in Appendix IV; and

(k) the terms of the Pre-IPO Equity Plan, the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme.

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