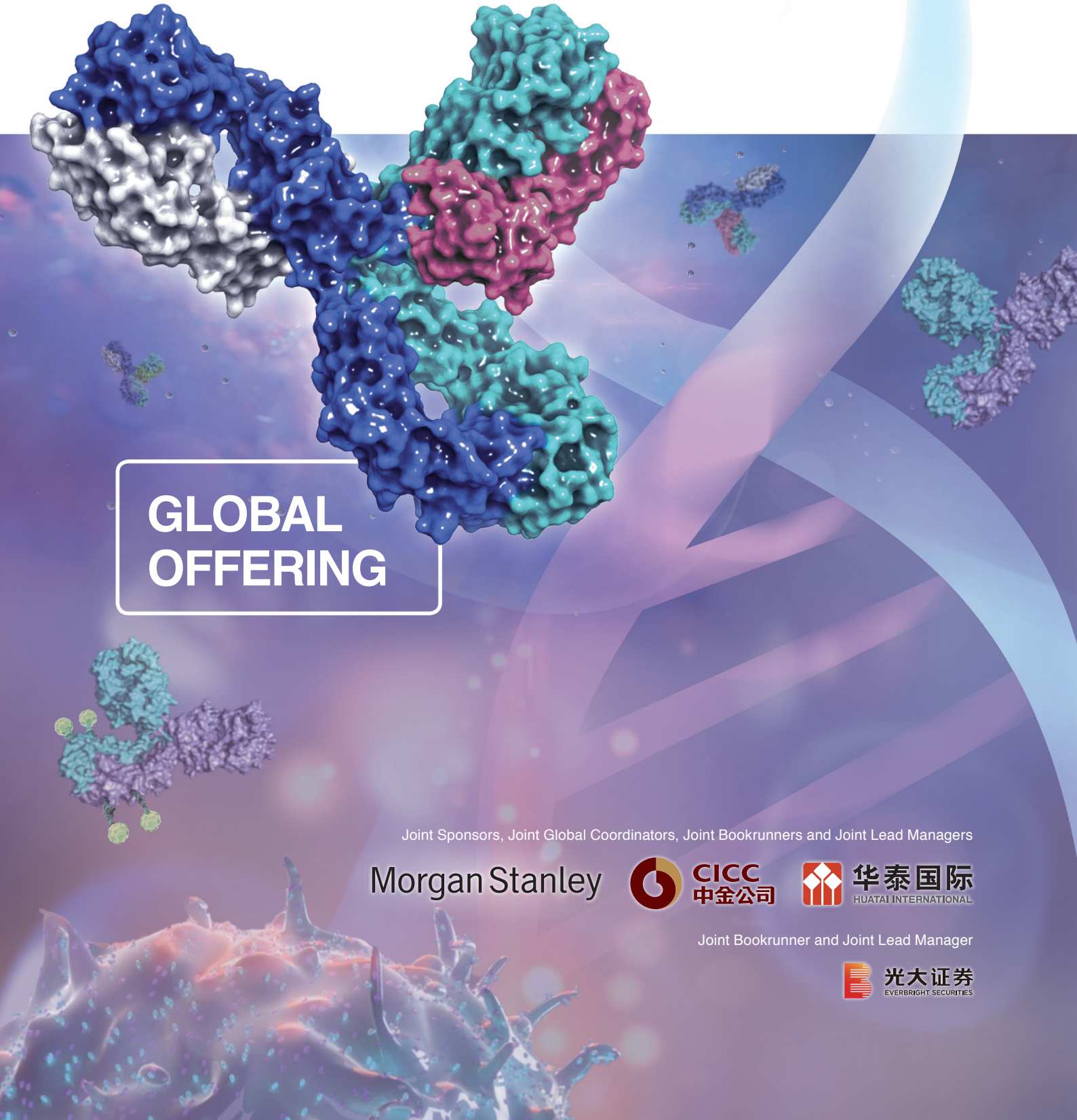
Keymed Biosciences Inc.
康諾亞生物醫藥科技有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code:2162

KeyMed Biosciences



GLOBAL OFFERING

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

Morgan Stanley

CICC 中金公司

华泰国际 HUATAI INTERNATIONAL

Joint Bookrunner and Joint Lead Manager

光大证券 EVERBRIGHT SECURITIES

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

Keymed Biosciences Inc.
康諾亞生物醫藥科技有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**58,264,500 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**5,827,000 Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**52,437,500 Shares, consisting of new Shares only (subject to reallocation and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$53.3 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 and subject to refund)**
Nominal value	**:**	**US$0.0001 per Share**
Stock code	**:**	**2162**

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

Morgan Stanley　CICC 中金公司　华泰国际 HUATAI INTERNATIONAL

Joint Bookrunner and Joint Lead Manager

光大证券 EVERBRIGHT SECURITIES

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

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us on or around Wednesday, June 30, 2021. If, for any reason, the Offer Price is not agreed by Wednesday, July 7, 2021, the Global Offering will not proceed and will lapse. The Offer Price will be no more than HK$53.3 per Offer Share and is currently expected to be no less than HK$50.5 per Offer Share unless otherwise announced.

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, sold, pledged, or transferred within the United States, except that Offer Shares may be offered, sold or delivered to QIBs in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another exemption from the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside of the United States in offshore transactions in accordance with Regulation S.

Applicants for Hong Kong Offer Shares are required to pay, on application, the Offer Price of HK$53.3 for each Hong Kong Offer Share together with a brokerage fee of 1%, a SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%.

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

The Joint Global Coordinators (for themselves and on behalf of the Underwriters), with our consent, may reduce the number of Offer Shares being offered under the Global Offering and/or the Offer Price stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.keymedbio.com not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Details of the arrangement will then be announced by us as soon as practicable. For further information, please see the sections headed "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares".

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. Please see the section headed "Underwriting – Underwriting Arrangements and Expenses – The Hong Kong Public Offering – Grounds for Termination."

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering. This prospectus is available at the websites of the Stock Exchange (**www.hkexnews.hk**) and our Company (www.keymedbio.com). If you require a printed copy of this prospectus, you may download and print from the website addresses above.

June 25, 2021

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 Stock Exchange at www.hkexnews.hk under the "*HKEXnews > New Listings > New Listing Information*" section, and our website at www.keymed.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 Offer Shares, you may:

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

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

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

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

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar and White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited, both at +852 2862 8600 on the following dates:

Friday, June 25, 2021	**–**	**9:00 a.m. to 9:00 p.m.**
Saturday, June 26, 2021	**–**	**9:00 a.m. to 6:00 p.m.**
Sunday, June 27, 2021	**–**	**9:00 a.m. to 6:00 p.m.**
Monday, June 28, 2021	**–**	**9:00 a.m. to 9:00 p.m.**
Tuesday, June 29, 2021	**–**	**9:00 a.m. to 9:00 p.m.**
Wednesday, June 30, 2021	**–**	**9:00 a.m. to 12:00 noon**

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

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

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

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

Keymed Biosciences Inc.

(HK$53.30 per Hong Kong Offer Share)

NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*
500	26,918.55	10,000	538,371.04	150,000	8,075,565.62	2,000,000	107,674,208.20
1,000	53,837.11	15,000	807,556.57	200,000	10,767,420.82	2,500,000	134,592,760.25
1,500	80,755.66	20,000	1,076,742.08	250,000	13,459,276.03	2,913,500[(1)]	156,854,402.80
2,000	107,674.21	25,000	1,345,927.61	300,000	16,151,131.23		
2,500	134,592.76	30,000	1,615,113.12	350,000	18,842,986.44		
3,000	161,511.32	35,000	1,884,298.65	400,000	21,534,841.64		
3,500	188,429.87	40,000	2,153,484.16	450,000	24,226,696.85		
4,000	215,348.42	45,000	2,422,669.69	500,000	26,918,552.05		
4,500	242,266.97	50,000	2,691,855.21	600,000	32,302,262.46		
5,000	269,185.53	60,000	3,230,226.25	700,000	37,685,972.87		
6,000	323,022.62	70,000	3,768,597.29	800,000	43,069,683.28		
7,000	376,859.73	80,000	4,306,968.33	900,000	48,453,393.69		
8,000	430,696.83	90,000	4,845,339.37	1,000,000	53,837,104.10		
9,000	484,533.94	100,000	5,383,710.41	1,500,000	80,755,656.15		

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

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

*If there is any change in the following expected timetable, we will issue an announcement on the respective websites of our Company at **www.keymedbio.com** and the Hong Kong Stock Exchange at **www.hkexnews.hk**.*

Time and date[1]

Hong Kong Public Offering commences ..... Friday, June 25, 2021

Latest time for completing electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[2] ..... 11:30 a.m. on Wednesday, June 30, 2021

Application lists open[3] ..... 11:45 a.m. on Wednesday, June 30, 2021

Latest time for (a) completing payment for **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC[4] ..... 12:00 noon on Wednesday, June 30, 2021

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

Application lists close[3] ..... 12:00 noon on Wednesday, June 30, 2021

Expected Price Determination Date[5] ..... Wednesday, June 30, 2021

Announcement of the Offer Price, and the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on our website at **www.keymedbio.com**[6] and the website of the Stock Exchange at **www.hkexnews.hk** on or before ..... Wednesday, July 7, 2021

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

- in the announcement to be posted on our website of **www.keymedbio.com** and the website of the Stock Exchange at **www.hkexnews.hk** ..... Wednesday, July 7, 2021

- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function from .....8:00 a.m. on Wednesday, July 7, 2021 to 12:00 midnight on Tuesday, July 13, 2021

- from the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. from .....Wednesday, July 7, 2021 to Friday, July 9, 2021 and Monday July 13, 2021

Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before[7][9] ..... Wednesday, July 7, 2021

White Form e-Refund payment instructions/refund checks in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications to be dispatched on or before[8][9] ..... Wednesday, July 7, 2021

Dealings in the Shares on the Stock Exchange expected to commence at 9:00 a.m. on .....Thursday, July 8, 2021

Notes:

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

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

(3) If there is/are a tropical cyclone warning signal number 8 or above, a "black" rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, June 30, 2021, the application lists will not open or close on that day. See "How to Apply for the Hong Kong Offer Shares – Effect of bad weather and Extreme Conditions on the opening and closing of the application lists."

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS or instructing your **broker** or **custodian** to apply on your behalf via CCASS should refer to "How to Apply for the Hong Kong Offer Shares – Applying through **CCASS EIPO** service."

(5) The Price Determination Date is expected to be on or around Wednesday, June 30, 2021 and, in any event, not later than Wednesday, July 7, 2021. If, for any reason, we do not agree with the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the pricing of the Offer Shares by Wednesday, July 7, 2021, the Global Offering will not proceed and will lapse.

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

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

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

(9) Applicants who have applied on **White Form eIPO** for 1,000,000 or more Hong Kong Offer Shares may collect any refund checks (where applicable) and/or Share certificates in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, July 7, 2021 or such other date as notified by us as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund checks. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Individuals must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

Applicants who have applied for the Hong Kong Offer Shares through **CCASS EIPO** service should refer to "How to Apply for the Hong Kong Offer Shares – Despatch/collection of share certificates/e-Refund payment instructions/refund checks – Personal Collection – If you apply through **CCASS EIPO** service" for details.

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

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

Further information is set out in "How to Apply for the Hong Kong Offer Shares – Refund of application monies" and "How to Apply for the Hong Kong Offer Shares – Despatch/collection of share certificates/ e-Refund payment instructions/refund checks."

The above expected timetable is a summary only. For details of the structure of the Global Offering, including its conditions, and the procedures for applications for the Hong Kong Offer Shares, please refer to "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" in this prospectus, respectively.

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You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters, any of our or their respective directors, officers, employees, partners, agents or representatives, or any other party involved in the Global Offering.

TABLE OF CONTENTS

This summary aims to give you an overview of the information contained in this prospectus and is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in this prospectus. As this is a summary, it does not contain all the information that may be important to you and we urge you to read the entire prospectus carefully before making your investment decision. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. ***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.***

OVERVIEW

Founded in 2016, we are a biotechnology company focused on the in-house discovery and development of innovative biological therapies in the autoimmune and oncology therapeutic areas. We have one Core Product, CM310, an antagonist antibody against interleukin-4 receptor α-subunit (IL-4Rα), intended to treat various allergic diseases, such as moderate-to-severe atopic dermatitis (AD), moderate-to-severe eosinophilic asthma and chronic rhinosinusitis with nasal polyposis (CRSwNP), and potentially chronic obstructive pulmonary disease (COPD). We have been able to continuously discover and develop new drug candidates in these therapeutic areas and in addition to our Core Product, our pipeline includes eight drug candidates at various stages of development, of which five are clinical-stage drug candidates that each are among the first three domestically-developed for its target or in its class to have obtained IND approval in China and/or the U.S., and three are in investigational new drug (IND)-enabling stage. All of our drug candidates are currently in the development stage, and we may not be able to ultimately develop and market our drug candidates, including CM310, successfully.

Our proprietary product pipeline reflects our market insight and employs the most recent scientific findings. Driven by economic growth and the healthcare system reform, medical expenditures have been rising significantly in the first two decades of the new millennium. China is undergoing an epidemiological transition from the prevalence of infectious diseases to that of cancer and other chronic diseases, as a result of rapid urbanization, life style shifts, and environmental changes. These fundamental and ongoing trends present new challenges for public health, and have revealed emerging underserved disease areas that impose a significant social burden to be addressed.

Based on a solid foundation in biomedical research, we have built in-house drug discovery and development technologies that are complemented by our collaboration with other pharmaceutical and biotechnology companies. These comprise an innovative antibody discovery platform and a proprietary novel T cell engager[1] (nTCE) bispecific antibody platform.

To support our research and discovery, we have established a fully-integrated platform encompassing all of the key functions in the biologic drug development. These include target validation, lead generation and optimization, preclinical evaluation, process development, translational research, clinical development and manufacture. This integrated platform has enabled us to rapidly and cost-effectively identify, build, expand and advance our diversified pipeline of innovative and differentiated antibody-based therapies, including monoclonal antibodies, antibody drug conjugates (ADCs) and bispecific antibodies.

1 T cell engagers are a growing class of bispecific antibodies that simultaneously bind to a target antigen on a tumor cell and a stimulatory receptor (e.g. CD3) on a T cell in order to redirect T cells to attack target cells. By establishing a bridge between immune cells and cancer cells, T cell engagers can trigger signaling cascades that lead to the destruction of cancer cells.

Our Core Business Model and Pipeline

Our core business model is to in-house discover and develop innovative therapies based on differentiated or clinically-validated mechanisms of action. To complement our in-house research and development efforts, we also collaborate with third parties on the development and commercialization of our drug candidates through joint venture or out-licensing arrangements. For details, please refer to paragraphs headed "Business – Collaboration Agreements" in this prospectus. We have established a pipeline of nine IND-enabling and clinical stage drug candidates, including five in clinical stage.

The following chart illustrates our pipeline and summarizes the development status of our clinical-stage drug candidates and selected IND-enabling stage candidates as of the Latest Practicable Date:

Abbreviations: 1H = first half; 2H = second half; AD = atopic dermatitis; ADC = antibody drug conjugate; CRS = chronic rhinosinusitis; CRSwNP = chronic rhinosinusitis with nasal polyposis; COPD = chronic obstructive pulmonary disease; GEJ = gastroesophageal junction; mAb = monoclonal antibody; MM = multiple myeloma; Ph = Phase; RRMM = relapsed or refractory multiple myeloma

Notes:

1. In March 2021, we granted CSPC an exclusive license to develop and commercialize CM310 for the treatment of moderate and severe asthma, COPD and other respiratory diseases (the "Field") in China (excluding Hong Kong, Macau, or Taiwan) (the "Territory"). For the avoidance of doubt, we retain the exclusive rights to (i) develop and commercialize CM310 for the treatment of indications outside the Field, such as AD and CRS, in the Territory, (ii) develop and commercialize CM310 outside the Territory, and (iii) manufacture CM310 anywhere in the world, including China. CSPC will purchase CM310 from us for the development and commercialization of CM310 in the Field and the Territory. CSPC will be the market authorization holder of CM310 in the Field, including asthma, in the Territory, once approved. For further details, please refer to the paragraphs headed "– Collaboration Agreements – Collaboration with CSPC" in this prospectus.

2. If we obtain the IND approvals of CM326 for CRSwNP and COPD, we expect CM326 to directly enter into Phase II trial for these two indications as we may be allowed to skip additional Phase I trials in healthy volunteers for these new indications by leveraging the Phase I safety results of CM326.

3. We started to co-develop CMG901 with Shanghai Miracogen since October 2017 and we established a joint venture with Innocube to develop and commercialize CMG901, in which we and Innocube own 70% and 30% shares, respectively. Shanghai Miracogen and Innocube are under the common control of Lepu Biopharma. For further details, please refer to the paragraphs headed "– Collaboration Agreements – Collaboration with Lepu Biopharma" in this prospectus.

4. In January 2018, we entered into a technology collaboration agreement with Mabworks to co-develop MIL95/CM312. Mabworks and we will share the development costs and the revenue at the ratio of 51:49 in China. For further details, please refer to the paragraphs headed "– Collaboration Agreements – Collaboration with Mabworks" in this prospectus.

5. We established a 50:50 joint venture with InnoCare in August 2018 for the discovery, development and commercialization of biologics. In June 2020, we entered into a license and collaboration agreement with InnoCare, under which we granted to InnoCare an exclusive license for 50% ownership of CM355 to jointly develop, manufacture and commercialize CM355 globally, and we agreed to transfer all the rights to CM355 to the joint venture with InnoCare after the receipt of the IND approval for CM355. For further details, please refer to "– Collaboration Agreements – Collaboration with InnoCare."

6. The "first posted date" denotes the date when the most recent clinical trial for an indication is publicly announced.

7. The antibody component of CMG901 (i.e. CM311) is not separately evaluated in clinical trials.

8. When more safety and efficacy data of CMG901 from China trials become available, we will further evaluate the clinical trial plan in the U.S. subject to communication with the FDA.

For more information about these drug candidates, please refer to paragraphs headed "Business – Our Drug Candidates" in this prospectus.

Our Core Product and Key Drug Candidates

CM310 (IL-4Rα antibody) – Our Core Product

CM310, our Core Product, is a humanized and highly potent antagonist antibody against IL-4Rα[2] in multiple clinical trials. It is the first domestically-developed IL-4Rα antibody that received IND approval from the National Medical Product Administration of the PRC (NMPA). By targeting IL-4Rα, CM310 can lead to dual-blockade of interleukin-4 (IL-4) and interleukin-13 (IL-13) signaling. IL-4 and IL-13 are two critical cytokines for initiating type II inflammation[3]. Through this way, CM310 specifically targets the underlying type II inflammation that contributes to a wide range of diseases, like type II allergic diseases. For further details on the mechanism of action, please refer to the paragraphs headed "Business – Our Drug Candidates – Our Clinical Stage Products–CM310, an IL-4Rα antibody – Mechanism of Action."

The target product profile of CM310 is to treat various type II allergic diseases[4] in adults, adolescents and children, such as moderate-to-severe AD (a skin disease), moderate-to-severe eosinophilic asthma[5] (a respiratory disease) and CRSwNP (a disease occurred in nose and head), and potentially COPD (a lung disease). It has demonstrated its favorable safety and encouraging efficacy in Phase Ia and Phase Ib/IIa clinical trials. For further details on the clinical trial data, please refer to "Business – Our Drug Candidates – Our Clinical Stage Products – CM310, an IL-4Rα antibody – Summary of Clinical Trial Results." We have initiated a Phase IIb clinical trial for moderate-to-severe AD and a Phase II clinical trial for CRSwNP in adults, and expect to initiate the Phase III study and submit an NDA with the NMPA for moderate-to-severe AD in the first half of 2022 and in 2023, respectively. Several clinical trials of CM310 for different patient subgroups, such as children and adolescents, have also been planned. We maintain the global rights to develop, manufacture and commercialize CM310, except for an exclusive license we granted to CSPC for developing and commercializing CM310 for the treatment of moderate-to-severe asthma, COPD and other respiratory diseases in China. For further details, please refer to the paragraph headed "Business – Collaboration Agreements – Collaboration with CSPC."

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2 IL-4 and IL-13 activates type II allergic response by binding to IL-4 receptor (IL-4R), a type of receptor on the surface of cells. IL-4Rα is a common subunit shared by IL-4Rs.

3 Type II inflammation is inflammation caused by activation of type II immune response. Type II immune response is primarily mediated by T_H2 cells, GATA-3+ ILC2S, Tc2 cells, and produces type II cytokines, which induce mast cell, basophil and eosinophil activation, as well as IgE antibody production to protect against helminths and venoms. In contrast, Type I immune response consists of T-bet+ IFN-γ–producing ILCs, CD8+ TC1 cells, and CD4+ T_H1 cells, which protect against intracellular microbes through activation of mononuclear phagocytes.

4 Type II allergic diseases are a type of allergic diseases that share common underlying mechanisms of type II inflammation.

5 Eosinophilic asthma is a phenotype of asthma classified based on the pattern of inflammatory cellular infiltrate in the airway. This phenotype is marked by high levels of a type of white blood cells called eosinophils.

For CM310, we obtained (i) IND approvals for Phase I trial and Phase II trial for the treatment of moderate-to-severe asthma in July 2019 and May 2021, respectively, (ii) an umbrella Phase I, II and III trials IND approval for moderate-to-severe AD in November 2019, and (iii) an umbrella Phase II and III trials IND approval for CRSwNP in December 2020 from the NMPA. As of the Latest Practicable Date, we had completed the Phase Ia trial of CM310 in healthy volunteers, which is equivalent to a Phase I trial, and the Phase Ib/IIa trial in patients with AD in China. We are currently evaluating CM310 in a Phase IIb trial in patients with AD and a Phase II trial in patients with CRSwNP. Please see below for the current status and expected timeframe of the clinical trials of CM310:

Clinical Trials of CM310[3]

Focused Indications	Phase I	Phase II	Phase III
Moderate-to-severe AD		Completed Phase Ib/IIa trial in January 2021 Initiated Phase IIb clinical trial in November 2020	Expected to initiate the Phase III trial in the first half of 2022
CRSwNP	Completed Phase Ia trial in healthy volunteers in January 2020[1]	Initiated Phase II clinical trial in December 2020	Expected to initiate the Phase III trial in 2022
Moderate-to-severe Eosinophilic Asthma		Obtained the approval from the NMPA to initiate Phase II clinical trial in May 2021	N.A[2]

Notes:

1. The Phase Ia trial of CM310 in healthy volunteers was completed in January 2020. For the avoidance of doubt, the emphasis on Phase I trial is whether enough clinical safety data has been gathered and observed. While our Phase Ia trial was labeled as Ia, this trial is essentially a Phase I trial as its trial protocol is identical to the Phase I trial protocol approved by the NMPA under the IND approval for asthma and it was also conducted precisely according to the Phase I trial protocol. As advised by Frost & Sullivan, the design of this trial is generally in line with other Phase I trials that are designed to evaluate similar drug candidates for similar indications. Additionally, the safety data generated from this trial has allowed us to initiate Phase Ib/IIa trial in moderate-to-severe AD and Phase II trial in CRSwNP of CM310 based on the communication with the NMPA, which has the same effect as the completion of a Phase I trial. As Phase I trial results of CM310 in healthy volunteers can be applied across different indications, the positive results of our Phase Ia trial in healthy volunteers served as our basis for entering Phase Ib/IIa and Phase II trials of moderate-to-severe AD and CRSwNP without conducting separate Phase I trial.

2. The detailed development plan and expected timeframe for asthma are subject to further discussion between CSPC and us.

3. For all the trials in this table, a trial is considered to be initiated when its trial protocol is finalized. It took us several days to four months from trial protocol finalization to enrollment of first patients for the initiated trials in the table.

According to Frost & Sullivan, in China, approximately 35% of all AD patients had moderate-to-severe disease, approximately 28% of all asthma patients had moderate-to-severe disease with eosinophilic phenotype, and approximately 16.5% of all CRS patients were diagnosed with CRSwNP in 2020. According to Frost & Sullivan, in 2020, there were 18.7 million and 13.5 million patients with moderate-to-severe AD, 11.3 million and 4.9 million patients with moderate-to-severe eosinophilic asthma, and 19.7 million and 7.2 million patients with CRSwNP in China and in the U.S., respectively. In 2025, it is estimated that there will be 20.9 million and 14.5 million patients with moderate-to-severe AD, 12.5 million and 5.1 million patients with moderate-to-severe eosinophilic asthma, and 21.2 million and 7.5 million patients with CRSwNP in China and in the U.S., respectively. According to Frost & Sullivan, in 2020, the China medication market for moderate-to-severe AD, moderate-to-severe eosinophilic asthma and CRSwNP was US$311.7 million, US$897.6 million and 107.9 million, respectively. Compared to standard treatment of corticosteroids and immunosuppressants, biologic drugs, such as IL-4Rα antibody, are expected to deliver much better efficacy with minimized safety risks. As of the Latest Practicable Date, there were one marketed and six clinical-stage IL-4R targeted drug and drug candidates all over the world, among which four clinical-stage drug candidates are in clinical trials in China with CM310 being the most advanced one. Sanofi/Regeneron's dupilumab (Dupixent) is the first and only marketed IL-4Rα antibody in China and globally. Dupilumab is an IL-4Rα antibody that suppresses both IL-4 and IL-13 signaling, which inhibits the same pathways and works with the same mechanism of action as CM310. Within three years of its commercial launch, dupilumab has reached annual global sales of US$4.0 billion in 2020. The current annual cost of treatment of dupilumab is RMB85,320 in China, and it has been included in the National Reimbursement Drug List (NRDL) in 2020. Patents covering the compound of dupilumab are expected to expire between the late 2020s to the early 2030s in U.S., EU and Japan. Apart from dupilumab and other IL-4Rα-targeted drug candidates, CM310 may also face competition from certain other approved biologics targeting IL-5, IL-5R and IgE for AD, asthma and CRSwNP. Furthermore, CM310 may face competition from medications with lower prices and more convenient dosage form in China, such as steroid for the treatment of AD and asthma, and other small molecule targeted therapies, like JAK inhibitors for the treatment of AD. For examples, the annual treatment costs of most steroids are within the range of RMB100 to RMB5,000, and some steroids are available in creams, ointments, solutions, inhalers or oral dosage forms. Moreover, there are also many other clinical-stage biologics and small molecule targeted therapies being developed by multinational pharmaceutical corporations and biotech companies for similar indications and target patient population with CM310, which may potentially compete with CM310.

CM310 has demonstrated comparable or stronger *in vitro* activity than dupilumab against IL-4 and IL-13 signaling. For instance, CM310 has shown to inhibit the IL-4 or IL-13-induced phosphorylation of the STAT 6 and proliferation of TF-1 cells with similar or higher potency than dupilumab in our preclinical studies. For further details, please refer to "Business – Our Drug Candidates – Our Clinical Stage Products – CM310, an IL-4Rα antibody – Competitive Advantages." In the Phase Ia and Ib/IIa trials, CM310 was safe and well tolerated, with all of the treatment related adverse events (TRAEs) being mild or moderate. Further, the treatment of CM310 at multiple doses resulted in significant improvements on AD symptoms in the Phase Ib/IIa trial. The encouraging results from our preclinical and early clinical evaluations suggest that CM310 has the potential to become a safe and effective treatment for a wide range of allergic disorders.

We are currently focused on the clinical development of CM310 in China. When more clinical data become available, we will further evaluate the costs and benefits to develop CM310 in foreign jurisdictions, such as the U.S. After we obtain additional efficacy and safety data from China, we may communicate with regulatory authorities in foreign countries, such as in the U.S., to seek fast-tracked development and regulatory process by conducting bridging studies. If we decide to pursue the opportunities in overseas markets, we will consider forming collaborations with resourceful partners for the development and commercialization of CM310. For further details on the overseas market of CM310's focused indications, please refer to the paragraph headed "Industry Overview – Atopic Dermatitis," "Industry Overview – Chronic Rhinosinustis" and "Industry Overview – Asthma."

After commercial launch, CM310 may face significant barriers of entry in markets where dupilumab and other competing products have established a strong market position and received market acceptance by healthcare providers and patients. For further details, please refer to the paragraph headed "Risk Factors – Key Risks Relating To Our Business, Business Operations, Intellectual Property Rights And Financial Prospects – We face substantial competition and our competitors may discover, develop or commercialize competing drugs faster or more successfully than we do." Building on our early-mover advantages in China, we plan to advance the clinical development of CM310 at full speed towards commercialization and launch it as early as possible when the market is less crowded. To quickly get a foothold in the market after launch, we intentionally choose to conduct our clinical trials with more physicians and at more clinical sites (i.e. hospitals), including those in lower-tiered cities where the market penetration is relatively low. Through the cooperation in clinical trials, the physicians can get first-hand knowledge about CM310's differentiated characteristics and are likely to be more receptive to our product after launch. Meanwhile, we can build long-term relationship with the hospitals which may facilitate the listing of CM310 in those hospitals. Leveraging this clinical development experience, we intend to establish an in-house commercialization team with medical and scientific background to support the marketing of CM310. Moreover, we expect our own commercial-scale, cGMP-compliant manufacturing facilities will commence operations in 2022. Our cost-effective manufacturing capacity enables us to market CM310 at a competitive pricing upon commercial launch. We also intend to establish a market access team to support the development of our pricing and reimbursement strategy, and the future coverage by national medical insurance and commercial insurance.

Our Key Drug Candidates

CM326 (TSLP antibody)

CM326 is a humanized and highly potent monoclonal antibody targeting thymic stromal lymphopoietin (TSLP). It is the first domestically-developed TSLP-targeting antibody in China, and the third in the world, to have received IND approval. TSLP plays a critical role as an upstream cytokine mediating multiple inflammatory pathways. By targeting TSLP, CM326 inhibits abnormal inflammatory responses that cause allergic and other diseases. The target product profile of CM326 is to treat various allergic diseases, including moderate-to-severe asthma (both eosinophil dependent and independent) and CRSwNP, and potentially COPD. According to the Frost & Sullivan, in 2020, there were 22.6 million and 13.9 million patients with moderate-to-severe asthma, 19.7 million and 7.2 million patients with CRSwNP, and 105.3 million and 9.5 million patients with COPD in China and in the U.S., respectively. In 2025, it is estimated that there will be 25.1 million and 14.4 million patients with moderate-to-severe asthma, 21.2 million and 7.5 million patients with CRSwNP, and 108.5 million and 10.0 million patients with COPD in China and in the U.S., respectively. According to Frost & Sullivan, in 2020, the China medication market for moderate-to-severe asthma, CRSwNP and COPD was US$1,795.1 million, US$107.9 million and US$3.0 billion respectively. For further details on the mechanism of action, please refer to the paragraphs headed "Business – Our Drug Candidates – Our Clinical Stage Products – CM326, a TSLP antibody – Mechanism of Action." CM326 may also have synergistic effects with CM310. We initiated a Phase Ia trial of CM326 in healthy volunteers in January 2021 and enrolled the first subject in April 2021. In March 2021, we also received the IND approval of CM326 for clinical trials in moderate-to-severe asthma in China.

Amgen/AstraZeneca's tezepelumab, the first and only BLA-filed TSLP antibody, can effectively reduce asthma exacerbation rate, irrespective of baseline eosinophil count or other T_h2 biomarkers. In May 2021, tezepelumab filed its BLA for severe asthma with the FDA. As of the Latest Practicable Date, other than tezepelumab, there was only one other TSLP-targeted drug candidate in clinical trials around the world. CM326 is five times more potent than tezepelumab (the first and only BLA-filed TSLP antibody) analog in the inhibition of TSLP, as measured by IC_{50} (0.47 nM vs. 2.52 nM) in our preclinical studies, which may indicate that CM326 is more effective on inhibition of TSLP-mediated inflammatory responses. In the meantime, it was safe and well-tolerated in toxicity studies. Following the Phase Ia trial, we plan to advance CM326 into a Phase Ib/IIa trial in moderate-to-severe asthma patients, and potentially clinical trials in patients with CRSwNP and COPD in China. When more clinical data become available, we will further evaluate the costs and benefits to develop CM326 in foreign jurisdictions, such as the U.S.

CMG901 (Claudin 18.2 ADC)

CMG901 is a Claudin 18.2-targeting ADC comprising of a Claudin 18.2-specific antibody, a cleavable linker and a toxic payload, monomethyl auristatin E (MMAE). It is the first Claudin 18.2 ADC to have received IND approval in China and the U.S. As of the Latest

Practicable Date, there was no other clinical-stage Claudin 18.2 ADC in China or globally. Claudin 18.2 is selectively and widely expressed in gastric cancer, pancreatic cancer and other solid tumors, which makes it an ideal tumor target for therapeutic development. CMG901 binds to Claudin 18.2 on cancer cells and kills those cells by releasing cytotoxic agent and antibody-dependent cellular cytotoxicity (ADCC) and complement-dependent cytotoxicity (CDC). For further details on the mechanism of action, please refer to the paragraphs headed "Business – Our Drug Candidates – Our Clinical Stage Products – CMG901, a Claudin 18.2 ADC – Mechanism of Action." The target product profile of CMG901 is to treat gastric cancer, pancreatic cancer and other solid tumors with high expression of Claudin 18.2. We are currently evaluating CMG901 in the dose-escalation Phase I trial in solid tumors in collaboration with Lepu Biopharma. We expect to initiate the dose-expansion stage of the trial in solid tumors by 2022 in China. For further details, please refer to the paragraph headed "– Collaboration Agreements – Collaboration with Lepu Biopharma."

According to the Frost & Sullivan, in 2020, there were 2.4 million and 0.1 million GC patients with high expression of Claudin 18.2, and 0.7 million and 0.4 million pancreatic cancer patients with high expression of Claudin 18.2 in China and in the U.S., respectively. In 2025, it is estimated that there will be 3.2 million and 0.2 million GC patients with high expression of Claudin 18.2, and 0.9 million and 0.4 million pancreatic cancer patients with high expression of Claudin 18.2 in China and in the U.S., respectively. As of the Latest Practicable Date, there were no approved drugs targeting Claudin 18.2. Therefore, as advised by Frost & Sullivan, the medication market for GC and pancreatic cancer with high expression of Claudin 18.2 is hard to be estimated in an accurate and reliable manner. Generally, 80-90% of gastric and pancreatic cancer patients are poorly responsive to PD-(L)1 antibody treatment.[6] The five-year survival rates of gastric and pancreatic cancers are merely 35.1% and 7.2%, respectively, with the standard treatment in China. Given the high frequency of Claudin 18.2 expression in gastric cancer (60%) and pancreatic cancer (50%), Claudin 18.2-targeted therapies may address the aforementioned unmet needs.

A Claudin 18.2 ADC comprises a Claudin 18.2 antibody conjugated to cytotoxic payload. CMG901's unconjugated antibody binds to Claudin 18.2 with higher affinity *in vitro* than the analog of zolbetuximab, the leading clinical-stage Claudin 18.2 antibody developed by Astellas Pharma, as measured by EC_{50} (1.2 nM vs. 2.2 nM) in our preclinical studies. Upon binding with Claudin 18.2-expressing tumor cells, CMG901 can effectively kill the cells through two mechanisms: (i) the release of highly cytotoxic agent (MMAE) after CMG901 is internalized by tumor cells, and (ii) the activation of immune system, including ADCC and CDC. In animal models of gastric and pancreatic cancers, CMG901 led to dose-dependent tumor growth inhibition and even tumor regression. It exhibited much stronger antitumor activity in comparison with zolbetuximab analog and CMG901's unconjugated antibody. Furthermore, it

6 Sources: Zhao, B., Zhao, H., & Zhao, J. (2020). Efficacy of PD-1/PD-L1 blockade monotherapy in clinical trials. Therapeutic advances in medical oncology; Chi, J., Patel, R.,Rehman, H., Goyal, S., & Saif, M. W. (2020). Recent advances in immunotherapy for pancreatic cancer. Journal of Cancer Metastasis and Treatment.

has demonstrated a good safety profile in preclinical studies. This indicates that, as compared to Claudin 18.2 antibody (e.g. zolbetuximab) in combination with systemic chemotherapy, Claudin 18.2 ADC (e.g. CMG901) could potentially deliver improved efficacy while minimizing toxicity.

Our current focus is to advance the clinical development of CMG901 in China. In the U.S., we obtained an IND approval for Phase I trial in gastric and GEJ cancer from the FDA in March 2021. For further details, please refer to the paragraph headed "Business – Our Drug Candidates – Our Clinical Stage Products – CMG901, a Claudin 18.2 ADC – Material Communications." After CMG901 demonstrates its clinical value in its China trials, we may consider pursuing expedited review and approval process for this drug candidate in overseas markets, such as the U.S., leveraging the clinical data generated in China. For further details on the global gastric cancer market, please refer to the paragraph headed "Industry Overview – Gastric Cancer". We may seek to partner with resourceful pharmaceutical companies to support the development and sales and marketing of CMG901 in overseas markets.

Our Core Product and key drug candidates face competition from approved and late clinical-stage drug candidates that focus on similar indications and subpopulations with us, and these competing products may have significant competitive strengths and advantages when compared to our drug candidates. For more information on the competitive landscape of our drug candidates, please refer to the section headed "Industry Overview." We may not be able to compete effectively and obtain substantial market share given the fierce market competition. For further details, please refer to the paragraph headed "Risk Factors – Key Risks Relating to Our Business, Business Operations, Intellectual Property Rights and Financial Prospectus – We face substantial competition and our competitors may discover, develop or commercialize competing drugs faster or more successfully than we do."

In addition, the selling prices of our products in China may be subject to price control or downward adjustment by the government authorities or other pricing pressure. For example, for an innovative drug to be included on the NRDL and obtain coverage by the national medical insurance, a ceiling of such product's reimbursable amount will be determined based on negotiation with the government, and typically the innovative drugs needs to substantially reduce its selling prices to be included. Our competitors may already be included in the NRDL or start the negotiation with the government, and thus lower their prices significantly. The selling prices of our products may face severe pressure comparing to the reduced price of our competitors, and if we seek to get included in the NRDL, our products may also experience substantial price reduction. For further details on regulations and policies that may affect the drug prices, please refer to the paragraphs headed "Regulatory Overview – Overview of Laws and Regulations of Pricing in the Medical Industry of The PRC and The United States" in this prospectus.

Our R&D and Manufacturing

We are continuing to improve the drug development process and expand our product pipeline under the leadership of our visionary management team. With years of industry experience, diverse and multidisciplinary knowledge, they share a commitment to delivering innovative and affordable medicines.

Our drug discovery and development function is co-led by Dr. Bo Chen, our chairman of the Board and CEO, and Dr. Changyu Wang, our senior vice president. Dr. Chen is a highly-regarded scientist and a successful serial entrepreneur who was previously the key founder, chairman and CEO of Shanghai Junshi (HKEX:1877/SHA: 688180), where he led the invention and development of the first domestically-developed PD-1 antibody to receive approval in China, toripalimab (Tuoyi). Dr. Wang is an acclaimed pioneer and leading expert in immuno-oncology. He co-invented the world's first-in-class PD-1 antibody, Bristol Myers Squibb's nivolumab (Opdivo).

To ensure production and supply of high-quality and affordable antibody drugs, we have always been committed to enhancing our in-house manufacturing capabilities. With our high-throughput screening platform, we have internally developed high-expressing cell lines to ensure high yield and low costs for our antibody manufacturing. Our first cGMP-compliant manufacturing facility with a total capacity of 1,600 L was built in Chengdu in 2019, which supplies our antibody drug candidates for various preclinical and clinical studies. We plan to expand our commercial manufacturing capacity to further improve the cost-effectiveness of our productions. The first phase of our new commercial-scale manufacturing facility is expected to commence operation by 2022 with an additional 16,000 L of manufacturing capacity.

OUR STRENGTHS

We believe the following strengths have contributed to our success and differentiated us from our competitors: (i) integrated biotechnology company that has consistently developed innovative antibody therapies, targeting some large underserved medical needs in the autoimmune and oncology therapeutic areas; (ii) a differentiated autoimmune portfolio led by an IL-4Rα antibody drug targeting a wide spectrum of allergic patients; (iii) an oncology portfolio comprising multi-modality antibody therapies, highlighted by a Claudin 18.2 ADC (CMG901), and multiple bispecific antibodies developed on our proprietary nTCE platform; (iv) fully-integrated in-house capabilities that well position our drug candidates for cost-effective development and manufacturing; and (v) a management team with rich industry experience and scientific expertise, backed by leading healthcare investors.

OUR STRATEGIES

Leveraging on our strengths, we plan to implement the following strategies: (i) consistently bring leading innovative therapies to underserved patients; (ii) design and execute efficient and cost-conscious clinical development plan to advance our drug candidates towards commercialization; (iii) strengthen our translational research capabilities to accelerate drug

discovery and development; (iv) scale up our cost-effective manufacturing capacity to provide affordable innovative biologic therapies; and (v) build an in-house commercialization team and establish value accretive partnerships.

COLLABORATION AGREEMENTS

We actively seek to form strategic collaboration with resourceful partners to support the development and maximize the commercial value of our drug candidates. These collaborations allow us to leverage clinical, financial and commercial resources of our partners, and provide us with opportunities to explore innovative modalities and therapies that employ new mechanisms through cooperation with other innovative drug developers.

Collaboration with CSPC

On March 10, 2021 (the "**Effective Date**"), we entered into an exclusive license agreement (the "**CSPC Agreement**") with Shanghai JMT-BIO Technology Co., Ltd, a wholly-owned subsidiary of CSPC Pharmaceutical Group Limited, to develop and commercialize CM310 for the treatment of moderate and severe asthma, COPD and other respiratory diseases (the "**Field**") in China (excluding Hong Kong, Macau, or Taiwan) (the "**Territory**"). For the purposes of this discussion, we refer to Shanghai JMT-BIO Technology Co., Ltd and its affiliates, including CSPC Pharmaceutical Group Limited, as CSPC. CSPC (HKSE: 1093) is a leading pharmaceutical group in China with a strong innovation, R&D and marketing capability. Its strong product portfolio includes products in the therapeutic areas of nervous system diseases, oncology, anti-infectives and cardiovascular diseases.

Under the CSPC Agreement, we granted CSPC an exclusive license under the know-how and patents controlled by us (collectively, "**Licensed IP**") to develop and commercialize CM310 in the Field and the Territory. For the avoidance of doubt, we retain the exclusive rights to (i) develop and commercialize CM310 for the treatment of indications outside the Field, such as AD and CRS, in the Territory, (ii) develop and commercialize CM310 outside the Territory, and (iii) manufacture CM310 anywhere in the world. CSPC has the right to grant sublicenses to its affiliates by giving us a prior written notice, and to third parties with our prior written approval. Pursuant to the CSPC Agreement, CSPC will be responsible for the clinical development, regulatory activities and commercialization of CM310 in the Field and the Territory at its own costs and expenses. CSPC will be the market authorization holder of CM310 in the Field,including asthma, in the Territory, once approved. Pursuant to the CSPC Agreement, we will be responsible for the manufacture and supply of CM310, and CSPC should purchase CM310 from us, for the development and commercialization of CM310 in the Field and the Territory.

Under the CSPC Agreement, we are entitled to receive upfront, milestone and royalty payments. Within ten business days after the Effective Date, CSPC should pay us a one-time, non-refundable and non-creditable upfront payment of RMB70 million. Moreover, CSPC is

obligated to pay us up to RMB100 million upon the achievement of development milestones and up to RMB200 million upon the achievement of sales milestones. CSPC will also be required to pay us tiered royalties ranging from high single to low double digits on the net sales of CM310 sold in the Territory.

Collaboration with Lepu Biopharma

On October 30, 2017, we and Shanghai Miracogen Inc. ("**Shanghai Miracogen**") entered into a collaboration agreement, as amended on March 3, 2020 and December 22, 2020, which provides the framework of our collaboration with Shanghai Miracogen regarding the co-development of CMG901 and another ADC against a prescribed target that is mutually agreed by both parties.

Under the collaboration arrangements, we and Shanghai Miracogen co-developed CMG901, and we subsequently entered into a joint venture agreement and a stockholders' agreement on January 11, 2021 with Innocube Limited ("**Innocube**"), a wholly owned subsidiary of Lepu Biopharma with Shanghai Miracogen, and other parties thereto in order to further develop and commercialize CMG901 worldwide. Lepu Biopharma is the parent company of Shanghai Miracogen, and possesses an integrated platform focused on the research and development of ADC drugs and technology. Pursuant to the joint venture agreement, we and Innocube established a joint venture named KYM Biosciences Inc. ("**KYM**") to co-develop and commercialize CMG901 and own 70% and 30% of shares in KYM respectively. Pursuant to the arrangements under the collaboration agreements, KYM will own the proprietary rights or exclusive license of patents and patent applications covering CMG901, and will be responsible for, and bear the costs arising from, the development, manufacture and commercialization of CMG901 worldwide.

In addition to the above, we entered into a technology collaboration agreement with Beijing Mabworks Biotech Co., Ltd. to co-develop a CD47 monoclonal antibody (i.e. MIL95/CM312) in January 2018 and a license and collaboration agreement with Beijing InnoCare Pharma Tech Co., Ltd. to co-develop CM355 through a joint venture in June 2020.

For further details on these collaboration agreements, please refer to "Business – Collaboration Agreements."

INTELLECTUAL PROPERTY

We have adopted a strategy to develop a global portfolio of patents to protect our drug candidates and technologies. As of the Latest Practicable Date, all of our 33 patent applications were pending, including 16 patent applications in China, two patent applications in the U.S., seven patent applications under the Patent Cooperation Treaty and eight patent applications in other jurisdictions, relating to certain of our drug candidates and technologies. Specifically, in

relation to our Core Product, CM310, as of the Latest Practicable Date, we owned nine pending patent applications, including two patent applications in China, one patent application in the U.S., one patent application under the Patent Cooperation Treaty and five patent applications in other jurisdictions.

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material proceedings in respect of intellectual property right infringement claims against us or initiated by us. The Joint Sponsors have discussed with our management and our intellectual property counsel on whether there are any instances of infringement of third parties intellectual property rights by us, and have also reviewed the due diligence report on our intellectual property rights prepared by our intellectual property counsel. As far as our Directors are aware, there had not been any instances of infringement of third parties' intellectual property rights by us as of the Latest Practicable Date. However, there are risks if we fail to protect our intellectual property rights in the future. There are certain risks related to our intellectual property rights. For details, please refer to the paragraphs headed "Risk Factors – Risks Relating to Our Intellectual Property Rights" in prospectus.

OUR CUSTOMERS

During the Tract Record Period and up to the Latest Practicable Date, we had no commercialized product and therefore had no customers.

OUR SUPPLIERS AND RAW MATERIALS

During the Track Record Period, we primarily procured raw materials and equipment for the development and manufacture of our drug candidates from industry-leading and highly reputable manufacturers and suppliers. Our purchases mainly include third-party contracting services for preclinical evaluation and clinical trials of our drug candidates as well as raw materials, consumables, machines and equipment. In 2019 and 2020, our purchases from our five largest suppliers in the aggregate accounted for 55.4% and 41.9% of our total purchases (including value added tax), respectively, while purchases from our largest supplier accounted for 20.7% and 12.4% of our total purchases (including value added tax), respectively. We have been working with our top five suppliers for a term ranging from one to three years.

RELATIONSHIP WITH CROs AND SMOs

We collaborate with experienced CROs and SMOs that conduct and support our preclinical and clinical studies. We select our CROs and SMOs weighing various factors, such as their qualifications, academic and professional experience, industry reputation and service fees. Generally, we enter into a research and development contract with a CRO or SMO for an individual project. The CROs and SMOs provide us with preclinical services such as the implementation of toxicity or safety evaluation on animals, or clinical services such as the daily management of a clinical research program, record keeping and report preparation, as specified in the contract and under our supervision. We closely supervise these third-party service providers to ensure that they perform their duties in a manner that complies with our

protocols and applicable laws and regulations, and that protects the integrity of the data resulting from our studies. We own all intellectual property derived from the clinical research project, and we are entitled to apply patent for such intellectual properties.

SUMMARY OF KEY FINANCIAL INFORMATION

This summary of key financial information set forth below have been derived from, and should be read in conjunction with our consolidated audited financial statements, including the accompanying notes, set forth in the Accountants' Report set out in Appendix I to this prospectus, as well as the information set forth in the section headed "Financial Information."

Summary of Consolidated Statements of Profit or Loss

We currently have no products approved for commercial sale and have not generated any revenue from product sales. We have never been profitable and have incurred operating losses in each year since our inception. In 2019 and 2020, we had total comprehensive loss of RMB167.5 million and RMB818.8 million, respectively. Such increase in our total comprehensive loss of RMB651.3 million from 2019 to 2020 was mainly due to (a) an increase in fair value losses on convertible redeemable preferred shares of RMB599.3 million, primarily as a result of the increase in our Company's value, (b) an increase in research and development expenses of RMB62.6 million, which was in line with our continuous development of drug candidates. We expect to continue to recognize fair value losses on convertible redeemable preferred shares for the period from December 31, 2020 and up to the Listing Date. The fair value loss of the convertible redeemable preferred shares is a non-cash item that will not recur after the closing of Global Offering given that the convertible redeemable preferred shares issued by us will be automatically converted into ordinary shares. Therefore, we do not expect to recognize any loss or gain on fair values changes of convertible redeemable preferred shares following the completion of the Global Offering.

We expect to incur an increased amount of operating expenses for at least the next several years as we further our pre-clinical research, continue the clinical development of, seek regulatory approval for and manufacture, our drug candidates, launch our pipeline products, and add personnel necessary to operate our business. 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 development status of our drug candidates, regulatory approval timeline and commercialization of our drug candidates after approval.

The following table sets forth the summary of our consolidated statements of profit or loss for the periods indicated:

	Year Ended December 31,	
	2019	**2020**
	(in thousands of RMB)	
Other income and gains	15,645	41,190
Research and development expenses	(64,812)	(127,400)
Administrative expenses	(15,158)	(21,548)
Fair value losses on convertible redeemable preferred shares	(97,212)	(696,470)
Other expenses	(298)	(31)
Finance costs	(5,677)	(14,309)
Listing expense	–	(280)
Loss before tax	(167,512)	(818,848)
Income tax expense	–	–
Total comprehensive loss for the year	(167,512)	(818,848)
Attributable to:		
Owners of the parent	(167,512)	(818,583)
Non-controlling interests	–	(265)

Summary of Consolidated Statements of Financial Position

The following table sets forth the summary of our consolidated statements of financial position of as of the dates indicated:

	As of December 31,	
	2019	**2020**
	(in thousands of RMB)	
Total non-current assets	140,173	149,028
Total current assets	518,405	380,917
Total assets	658,578	529,945

	As of December 31,	
	2019	2020
	(in thousands of RMB)	
Total current liabilities	71,590	80,240
Net current assets	446,815	300,677
Total non-current liabilities	862,943	1,544,508
Total liabilities	934,533	1,624,748
Net liabilities	(275,955)	(1,094,803)
Equity		
Share capital	45	45
Deficits	(276,000)	(1,094,583)
Non-controlling interests	–	(265)
Total deficit	(275,955)	(1,094,803)

We recorded net liabilities of RMB276.0 million and RMB1,094.8 million as of December 31, 2019 and 2020, respectively, mainly attributable of our convertible redeemable preferred shares of RMB733.3 million and RMB1,385.8 million as of December 31, 2019 and December 31, 2020, respectively. We expect to reverse our net liabilities position following the completion of the Global Offering, since our preferred shares will convert to ordinary shares and will no longer be recorded as liabilities. For more details, please refer to the paragraphs headed "Financial Information – Description of Selected Components of Statements of Profit or Loss and Other Comprehensive Income – Fair Value Losses on Convertible Redeemable Preferred Shares" and Note 24 of the Appendix I to this prospectus in this section.

Summary of Consolidated Statements of Cash Flows

Our primary uses of cash are to fund the pre-clinical and clinical development of our drug candidates, our payment for the purchase of property, plant and equipment, administrative expenses and other recurring expenses. Our net cash used in operating activities was RMB68.4 million and RMB119.4 million in 2019 and 2020, respectively, which was primarily attributable to the research and development expenses we incurred during the Track Record Period in relation to our continuous development of drug candidates without generating any revenue from sales of our drug candidates. Our operating cash flow will continue to be affected by our research and development expenses. We expect to improve our net operating cash outflows position following the approval and commercialization of our drug candidates in the future. During the Track Record Period and up to the Latest Practicable Date, we have primarily funded our working capital requirements through proceeds from private equity financing. Our management closely monitors uses of cash and cash balances and strives to maintain a healthy liquidity for our operations. Going forward, we believe our liquidity requirements will be satisfied by a combination of net proceeds from the Global Offering and cash generated from our operations. As of December 31, 2020, our cash and bank balances amounted to RMB199.4 million.

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

	Year Ended December 31,	
	2019	**2020**
	(in thousands of RMB)	
Cash outflow from operating activities before movements in working capital	(61,434)	(119,174)
Changes in working capital	(6,945)	(187)
Interest paid and/or tax paid	–	–
Net cash flows used in operating activities	(68,379)	(119,361)
Net cash flows used in investing activities	(58,020)	(113,067)
Net cash flows from financing activities	505,066	7,397
Net increase/(decrease) in cash and cash equivalents	378,667	(225,031)
Cash and cash equivalents at beginning of year	48,799	432,608
Effect of foreign exchange rate changes, net	5,142	(8,168)
Cash and cash equivalents at end of year	432,608	199,409

The Directors are of the opinion that, taking into account of the financial resources available to us, including cash and bank balances and time deposits of RMB343.7 million as of December 31, 2020, the expected upfront and milestone payments from our business collaborators, and the estimated net proceeds from the Global Offering, and our cash burn rate, we have sufficient working capital to cover at least 125% of our costs, including research and development costs, business development and marketing expenses, and administrative and operating costs for at least the next 12 months from the date of this prospectus.

Our Directors believe that, by taking into account our cash and cash equivalents of RMB199.4 million as of December 31, 2020, the net proceeds of US$121.0 million (RMB784.0 million), we obtained from our Series C financing in February 2021, and assuming that our cash burn rate going forward will be approximately 6.0 times of the cash burn rate in the year ended December 31, 2020, we can remain financially viable for approximately 54 months from January 1, 2021 if taking into account the estimated RMB2,307.1 million of the net proceeds from the Global Offering (being the lower-end of the indicative Offer Price range of HK$50.50 to HK$53.30 per Share). We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

KEY FINANCIAL RATIO

The following table sets forth our key financial ratio as of the dates indicated:

	As of December 31,	
	2019	2020
	%	%
Current ratio[(1)]	7.2	4.7

Notes:

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

SUMMARY OF MATERIAL RISK FACTORS

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

- We face substantial competition and our competitors may discover, develop or commercialize competing drugs faster or more successfully than we do.

- We have incurred net losses since inception, and expect to continue to incur net losses for the foreseeable future. Potential investors may lose substantially all their investments in us given the high risks involved in our business.

- Our business and financial prospectus depend substantially on the success of our clinical-stage and pre-clinical stage drug candidates. If we are unable to successfully complete their clinical development, obtain their regulatory approvals and achieve their commercialization, or if we experience significant delays in doing any of the foregoing, our business will be materially harmed.

- Clinical drug development involves a lengthy and expensive process with an uncertain outcome.

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

- We have entered into collaborations with our partners and may form or seek additional collaborations or strategic alliances or enter into licensing arrangements in the future. We may not realize any or all benefits of such alliances or licensing arrangements, and disputes may arise between us and our current or future collaboration partners.

RECENT DEVELOPMENTS

On February 10, 2021, we entered into a series C preferred share purchase agreement with certain investors who agreed to subscribe for an aggregate of 35,422,353 Series C Preferred Shares issued by us at a purchase price of US$3.67 per Series C Preferred Share for a total consideration of approximately US$130 million, which was fully settled by March 9, 2021.

In March 2021, we received the IND approval of CM326 for clinical trials in asthma in China.

In March 2021, we received the IND approval of CMG901 from the FDA for the Phase I clinical trial in gastric and gastroesophageal junction cancers in the U.S.

In May 2021, we and CSPC have received the approval for CM310's Phase II clinical trial in moderate-to-severe asthma from the NMPA in China.

Since the end of the Track Record Period, we have continuously developed our business, but we expect that our net losses will continue to increase in 2021, primarily because (i) we expect to record an increase in fair value losses on convertible redeemable preferred shares, as a result of the expected increase in fair value of our preferred shares from December 31, 2020 to the Listing Date; (ii) as we continue to carry out and expand our clinical development programs and advance the research and development of pre-clinical assets, we expect to incur increasing R&D expenses and administrative expenses; and (iii) we expect to incur an increase in listing expenses in connection with our proposed listing.

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

OUTBREAK OF COVID-19

The outbreak of COVID-19 since December 2019 did not have a material and adverse impact on our business, financial condition and results of operations. Based on the management accounts of our Group, our net loss increased from the three-month period ended March 31, 2020 to the three-month period ended March 31, 2021, mainly due to the increase in our research and development expenses and administrative expenses, which was in line with our continuous development of our drug candidates. Our Directors do not expect the COVID-19 outbreak will have any material impact on our business operations, development plan and clinical trial progress, as well as production and supply chain, mainly based on the following:

- Our clinical development. Although we experienced minor delays ranging from three to four months in the patient enrollment process and data entry for certain of our clinical trials in China at the beginning of the COVID-19 outbreak, since then the situation has improved. As of the Latest Practicable Date, we had resumed the normal patient enrollment and data entry for our clinical trials, and had not encountered any material adverse effects on our collaboration with third party service providers for our clinical development, including our cooperative CROs.

- Our daily operations. Since the COVID-19 outbreak from December 2019 and as of the Latest Practicable Date, we had no suspected or confirmed COVID-19 cases on our premises or among our employees.

- Production and supply chain. Since the outbreak of the COVID-19 from December 2019 and as of the Latest Practicable Date, we had not experienced any material production suspension, decrease in production volume of our manufacturing facility. We had not experienced any material difficulties in procuring our major raw materials, and our supply chain had not experienced any material disruption since the outbreak of COVID-19 and as of the Latest Practicable Date.

For more details, please refer to the paragraphs headed "Financial Information – Outbreak of COVID-19" in this prospectus. The above analyses are made by our management based on currently available information concerning COVID-19. Please refer to the paragraphs headed "Risk Factors – Risks Relating to Our Operations – We face risks related to health epidemics and other outbreaks of contagious diseases, including the COVID-19 outbreak" for more information of the relevant risks of COVID-19 outbreak.

SHAREHOLDER INFORMATION

As of the Latest Practicable Date, Moonshot held approximately 36.58% shareholding of our Company. It was in turn held by Dr. Chen, Ms. Toscano, Dr. Xu and Dr. Jia as to approximately 65.36%, 13.31%, 13.31% and 8.02%, respectively. Furthermore, Dr. Chen is the adviser of the ESOP Trust established to facilitate the administration of the Restricted Share Unit Scheme and is entitled to exercise the 8.45% voting rights attached to the Shares held by the ESOP Trust.

As such, Dr. Chen will be entitled to exercise voting rights of approximately 35.35% of the total issued share capital of our Company upon completion of the Global Offering (assuming the Over-allotment Option is not exercised). Dr. Xu, Dr. Jia, Ms. Toscano and Moonshot are also presumed to be a group of controlling shareholder with Dr. Chen as their interest in the Company are held commonly through Moonshot and they are collectively considered as our Controlling Shareholders upon Listing.

We have completed the Pre-IPO Investments and our Pre-IPO Investors include dedicated healthcare funds, biotech funds and funds focusing on investments in the healthcare industry. For further details, please refer to the paragraph headed "History, Development and Corporate Structure – Pre-IPO Investments" in this prospectus.

DIVIDEND POLICY

No dividend has been declared or paid by entities comprising our Group. We currently expect to retain all future earnings for use in operation and expansion of our business, and do not have any dividend policy to declare or pay any dividends in the foreseeable future. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Law. The declaration and payment of any dividends in

the future will be determined by our Board, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. For more details, please refer to the paragraphs headed "Financial Information – Dividends" in this prospectus.

THE GLOBAL OFFERING

The Global Offering consists of:

(i) the Hong Kong Public Offering of 5,827,000 Shares (subject to reallocation as mentioned below) in Hong Kong as described under the section headed "– The Hong Kong Public Offering" below; and

(ii) the International Offering of 52,437,500 Shares (subject to reallocation and the Over-allotment Option as mentioned below) outside the United States in accordance with Regulation S and in the United States to Qualified Institutional Buyers, or QIBs, in accordance with Rule 144A.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares in issue, the Offer Shares to be issued by us pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment option).

GLOBAL OFFERING STATISTICS[(1)]

	Based on an Offer Price of HK$50.50	**Based on an Offer Price of HK$53.30**
Market capitalization of our Shares[(2)]	HK$13,685.3 million	HK$14,444.1 million
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the parent per Share[(3)]	HK$14.26	HK$14.97

Notes:

(1) All statistics in this table are on the assumption that the Over-allotment Option are not exercised.

(2) The calculation of market capitalization is based on 270,996,066 Shares expected to be in issue immediately after completion of the Global Offering.

(3) The pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share is calculated after making the adjustments referred to in "Financial Information – Unaudited Pro Forma Statement of Adjusted Net Tangible Assets."

USE OF PROCEEDS

We estimate that the aggregate net proceeds to our Company from the Global Offering (after deducting underwriting commissions and other estimated expenses in connection with the Global Offering paid and payable by us taking into account any additional discretionary incentive fee and assuming that the Over-allotment Option is not exercised and an Offer Price of HK$51.90 per Share, being the mid-point of the indicative Offer Price range of HK$50.50 to HK$53.30 per Share) will be approximately US$368.88 million (HK$2,863.81 million). We currently intend to apply such net proceeds we will receive from this offering for the following purposes:

(a) approximately 60%, or US$221.33 million (HK$1,718.30 million), will be used primarily for the R&D and commercialization of our following Core Product and key drug candidates in the next three to five years: of which (i) approximately 40%, or US$147.55 million (HK$1,145.50 million), will be used for ongoing and planned clinical trials, preparation for registration filings and planned commercial launch of our Core Product CM310 (IL-4Rα antibody); (ii) approximately 10%, or US$36.89 million (HK$286.40 million), will be used to ongoing and planned clinical trials of CMG901 (Claudin 18.2 ADC) through capital contribution to KYM, our joint venture with Lepu Biopharma; and (iii) approximately 10%, or US$36.89 million (HK$286.40 million), will be used for ongoing and planned clinical trials to evaluate CM326 (TSLP antibody);

(b) approximately 15%, or US$55.34 million (HK$429.60 million), will be used for preclinical evaluation and clinical development of our other pipeline drug candidates products, including CM313 (CD38 antibody), MIL95/CM312 (CD47 antibody), CM338 (MASP-2 antibody), CM355 (CD20xCD3 bispecific), CM336 (BCMAxCD3 bispecific) and CM350 (GPC3xCD3 bispecific).

(c) approximately 15%, or US$55.34 million (HK$429.60 million), will be used for the payment of lease for our new manufacturing and R&D facilities and procurement of machinery and equipment; and

(d) approximately 10%, or US$36.89 million (HK$286.40 million), will be used for our general corporate and working capital purposes.

For further details, see "Future Plans and Use of Proceeds."

LISTING EXPENSE

Listing expenses to be borne by us are estimated to be approximately HK$160.1 million (5.29% of gross proceeds) (including underwriting commission, assuming an Offer Price of HK$51.90 per Share, being the mid-point of the indicative Offer Price range of HK$50.50 to HK$53.30 per Share), assuming no Shares are issued pursuant to the Over-allotment Option. In 2019 and 2020, listing expenses charged to profit or loss were nil and RMB0.3 million (approximately HK$0.3 million), respectively, and the listing expenses capitalized to deferred listing expenses were nil and RMB0.1 million (approximately HK$0.1 million), respectively. After December 31, 2020, approximately HK$36.5 million is expected to be charged to our consolidated statements of profit or loss, and approximately HK$123.2 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.

In this prospectus, the following expressions shall have the meanings set out below unless the context otherwise requires.

"affiliate(s)"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Application Lists"	the application lists for the Hong Kong Public Offering
"Articles" or "Articles of Association"	our fourth amended and restated memorandum and articles of association, as conditionally adopted on June 22, 2021 and will come into effect upon Listing (as amended, supplemented or otherwise modified from time to time), a summary of which is set out in Appendix III to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Beijing Lingyue"	Beijing Lingyue Biomedical Technology Co., Ltd. (北京岑樾生物醫藥科技有限公司), a company established in the PRC on December 4, 2019 and a wholly owned subsidiary of our Company
"Board" or "Board of Directors"	our board of Directors
"Business Day"	a day that is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	British Virgin Islands
"CAGR"	compound annual growth rate
"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, which may be an individual, joint individuals or a corporation
"CCASS Operational Procedures"	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time in force
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"Chengdu Huamian"	Chengdu Huamian Biotechnology Co., Ltd. (成都華免生物科技有限公司), a company established in the PRC on April 8, 2016 and a wholly owned subsidiary of our Company
"Chengdu Kangnuo Xing"	Chengdu Kangnuo Xing Biopharma Inc. (成都康諾行生物醫藥科技有限公司), a company established in the PRC on November 9, 2017 and a non-wholly owned subsidiary of our Company
"Chengdu Keymed"	Keymed Bioscience (Chengdu) Co., Ltd. (康諾亞生物醫藥科技(成都)有限公司), a company established in the PRC on September 1, 2016 and a wholly-owned subsidiary of our Company
"Chengdu Keymed Boyu"	Kangnuo Boyu Biomedical Technology (Chengdu) Co., Ltd (康諾博譽生物醫藥科技(成都)有限公司), a company established in the PRC on December 29, 2020 and a wholly owned subsidiary of our Company
"China" or "the PRC"	the People's Republic of China excluding, for the purposes of this prospectus, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)

"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Company" or "our Company"	Keymed Biosciences Inc. (formerly known as 2Health Biosciences, Inc.), a limited liability company incorporated in the Cayman Islands on April 23, 2018
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholders"	have the meaning ascribed to it under the Listing Rules and in this context, refer to Moonshot, Dr. Chen, Ms. Toscano, Dr. Xu and Dr. Jia, for further details of which, please refer to the section headed "Relationship with Our Controlling Shareholders" in this prospectus
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Core Product"	CM310, the designated "core product" as defined under Chapter 18A of the Listing Rules
"CSPC"	CSPC Pharmaceutical Group Limited, a listed company in Hong Kong (HKSE: 1093), and its affiliates
"Director(s)"	the director(s) of our Company or any one of them
"Dr. Chen"	Dr. Bo Chen, the chairman of our Board, an executive Director and the chief executive officer of our Company and one of our Controlling Shareholders upon Listing
"Dr. Jia"	Dr. Qian Jia, a senior vice president of our Company and one of our Controlling Shareholders upon Listing
"Dr. Wang"	Dr. Changyu Wang, an executive Director and a senior vice president of our Company, and the spouse of Ms. Toscano who will be one of our Controlling Shareholders upon Listing
"Dr. Xu"	Dr. Gang Xu, an executive Director and a senior vice president of our Company and one of our Controlling Shareholders upon Listing

"Eagle Hero"	Eagle Hero Management Limited, a BVI company wholly owned by the ESOP Trust and which holds the Shares underlying the awards under the Restricted Share Unit Scheme
"ESOP Trust"	Keymed Talent Success Trust, the trust established for the purpose of facilitating the administration of the Restricted Share Unit Scheme
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company
"Frost & Sullivan Report"	the industry report commissioned by us and independently prepared by Frost & Sullivan, summary of which is set forth in the section headed "Industry Overview" in this prospectus
"General Rules of CCASS"	General Rules of CCASS published by the Stock Exchange and as amended from time to time
"Global Offering"	the Hong Kong Public Offering and the International Offering
"**GREEN** Application Form(s)" or "Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Group", "our Group", "our", "we", or "us"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"HKSCC"	the 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 the HKSCC

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 5,827,000 Shares initially being offered by us for subscription pursuant to the Hong Kong Public Offering, subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus
"Hong Kong Public Offering"	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong (subject to adjustment as described in the section headed "Structure of the Global Offering" in this prospectus) at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus, as further described in paragraphs headed "Structure of the Global Offering – The Hong Kong Public Offering" in this prospectus
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering as listed in the section headed "Underwriting – Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated June 24, 2021 relating to the Hong Kong Public Offering and entered into by our Company, our Controlling Shareholders, the Joint Sponsors, the Joint Global Coordinators and the Hong Kong Underwriters
"iBridge BVI"	iBridge Holdings Limited, a BVI business company incorporated on April 15, 2016 and a wholly-owned subsidiary of our Company
"iBridge HK"	iBridge HK Holdings Limited, a company incorporated in Hong Kong on April 20, 2016 and a wholly-owned subsidiary of our Company

"Independent Third Party" or "Independent Third Parties"	a person or entity who is not a connected person of the Company under the Listing Rules
"InnoCare"	InnoCare Beijing InnoCare Pharma Tech Co., Ltd. (北京諾誠健華醫藥科技有限公司), a limited liability company incorporated under the laws of PRC on December 13, 2013, a subsidiary of InnoCare Pharma Limited (HKSE: 9969), and an Independent Third Party
"INN"	International Nonproprietary Name
"Innocube"	Innocube Limited, a company established under the laws of British Virgin Islands, and an Independent Third Party
"International Offer Shares"	the 52,437,500 Offer Shares initially being offered by us for subscription under the International Offering together, where relevant, with any additional Shares that may be allotted and issued pursuant to the exercise of the Over-allotment Option, and subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus
"International Offering"	the conditional placing by the International Underwriters of the International Offer Shares at the Offer Price outside the United States in offshore transactions in reliance on Regulation S, and to persons within the United States who are QIBs in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act, as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriters"	the underwriters of the International Offering listed in the International Underwriting Agreement
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering and to be entered into on or around Wednesday, June 30, 2021 by our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the International Underwriters

"JMT-BIO Technology"	Shanghai JMT-BIO Technology Co., Ltd. (上海津曼特生物科技有限公司), a limited liability company incorporated under the laws of PRC on June 6, 2012, and an Independent Third Party
"Joint Bookrunners"	the joint bookrunners as named in the section headed "Directors and parties involved in the Global Offering" in this prospectus
"Joint Global Coordinators"	the joint global coordinators as named in the section headed "Directors and Parties Involved in the Global Offering" in this prospectus
"Joint Lead Managers"	the joint lead managers as named in the section headed "Directors and Parties Involved in the Global Offering" in this prospectus
"Joint Sponsors"	Morgan Stanley Asia Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited
"Latest Practicable Date"	June 17, 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Lepu Biopharma"	Lepu Biopharma Co., Ltd. (樂普生物科技股份有限公司), a limited liability company incorporated under the laws of PRC on January 19, 2018, and an Independent Third Party
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about Thursday, July 8, 2021, on which the Shares will be listed and dealings in the Shares first commence 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)

"Mabworks"	Beijing Mabworks Biotech Co., Ltd. (北京天廣實生物技術股份有限公司), a limited liability company incorporated under the laws of PRC on February 27, 2003, and an Independent Third Party
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Moonshot"	Moonshot Holdings Limited, a company incorporated in the British Virgin Islands on March 13, 2018 and will be a Controlling Shareholder upon Listing. As of the Latest Practicable Date, it was held as to 65.36%, 13.31%, 13.31% and 8.02% by Dr. Chen, Dr. Xu, Ms. Toscano and Dr. Jia
"Ms. Toscano"[1]	Ms. Cristela Toscano, the spouse of Dr. Wang and one of our Controlling Shareholders upon Listing
"NMPA"	the National Medical Product Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"Offer Price"	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%) of not less than HK$50.5 and expected to be not more than HK$53.3, such price to be agreed upon by our Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before the Price Determination Date
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares, together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option

1 Ms. Toscano was a former Director of our Company who resigned on March 3, 2021 when Dr. Wang was concurrently appointed as our Director in contemplation of the Listing. During her directorship, her role was of a non-executive nature and she did not participate in the day-to-day management and operation of the Group.

"Over-allotment Option"	the option to be granted by us to the International Underwriters exercisable by the Joint Global Coordinators on behalf of the International Underwriters under the International Underwriting Agreement, to require us to allot and issue up to 8,739,500 additional Shares at the Offer Price, representing up to 15% of the total number of Offer Shares initially available under the Global Offering to, among others, cover over-allocations in the International Offering, if any, further details of which are described in the section headed "Structure of the Global Offering – The International Offering – Over-allotment Option" in this prospectus
"Preferred Shareholders"	the Series Pre-A Preferred Shareholders, the Series A Preferred Shareholders, the Series B Preferred Shareholders and the Series C Preferred Shareholders
"Pre-IPO Investors"	the Series A Preferred Shareholders, the Series B Preferred Shareholders, the Series C Preferred Shareholders and Vast Equity Holdings Limited
"Qualified Institutional Buyers" or "QIBs"	qualified institutional buyers within the meaning of Rule 144A under the U.S. Securities Act
"Regulation S"	Regulation S under the U.S. Securities Act
"Restricted Share Unit Scheme"	the restricted share unit scheme approved and adopted by our Company on April 5, 2021 the principal terms of which are summarized in "Appendix IV – Statutory and General Information – D. Share Incentive Schemes – 1. RSU Scheme" of this prospectus
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"Series A Preferred Shares"	the series A preferred shares of our Company with a par value of US$0.0001 each
"Series A Preferred Shareholders"	the holders of Series A Preferred Shares
"Series B Preferred Shares"	the series B preferred shares of our Company with a par value of US$0.0001 each

"Series B Preferred Shareholders"	the holders of Series B Preferred Shares
"Series C Preferred Shares"	the series C preferred shares of our Company with a par value of US$0.0001 each
"Series C Preferred Shareholders"	the holders of Series C Preferred Shares
"Series Pre-A Preferred Shares"	the series pre-A preferred shares of our Company with a par value of US$0.0001 each
"Series Pre-A Preferred Shareholders"	the holders of Series Pre-A Preferred Shares
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Shanghai Lingyue"	Shanghai Lingyue Biomedical Technology Co., Ltd. (上海苓樾生物醫藥科技有限公司), a company established in the PRC on December 3, 2018 and a wholly owned subsidiary of our Company
"Shanghai Miracogen"	Shanghai Miracogen Inc. (上海美雅珂生物技術有限責任公司), a limited liability company incorporated under the laws of PRC on January 27, 2014, and an Independent Third Party
"Share(s)" or "Ordinary Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of US$0.0001 each
"Shareholder(s)"	holder(s) of the Share(s)
"sophisticated investor(s)"	has the meaning ascribed to it under Guidance Letter HKEx-GL92-18 issued by the Stock Exchange and for this purpose refers to HH KNY Holdings Limited
"Stabilizing Manager"	Morgan Stanley Asia Limited
"subsidiary"	has the meaning ascribed thereto under the Listing Rules

"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers and Share Buy-backs, as published by the SFC (as amended, supplemented or otherwise modified from time to time)
"Track Record Period"	the two years ended December 31, 2019 and 2020
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. FDA" or "FDA"	the U.S. Food & Drug Administration of the U.S. Department of Health and Human Services
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"Wealth Venture BVI"	Wealth Venture Enterprises Limited, a BVI business company incorporated on March 30, 2016 and a wholly-owned subsidiary of our Company
"Wealth Venture HK"	Wealth Venture Enterprises (Hong Kong) Limited, a company incorporated in Hong Kong on April 15, 2016 and a wholly-owned subsidiary of our Company
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited

In this prospectus, the terms "associate," "close associate," "connected person," "core connected person,' "connected transaction," "subsidiaries" and "substantial shareholder" shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this prospectus have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this prospectus in both the Chinese and English languages; in the event of any inconsistency, the Chinese versions shall prevail.

This glossary contains explanations of certain technical terms used in this prospectus in connection with our Company and our business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

"ADC"	antibody drug conjugate, a class of biopharmaceutical drugs that combine monoclonal antibodies specific to surface antigens present on particular tumor cells with highly potent antitumor small molecule agents linked via a chemical linker
"AE"	adverse event, which may be mild, moderate, or severe, any untoward medical occurrences in a patient administered a drug or other pharmaceutical product during clinical trials and which do not necessarily have a causal relationship with the treatment
"antagonist"	a type of drug or ligand that blocks or decreases a biological response by binding to and blocking a receptor without activating it
"antibody-dependent cellular cytotoxicity" or "ADCC"	antibody dependent cell-mediated cytotoxicity or antibody-dependent cellular cytotoxicity, a mechanism of cell-mediated immune defense whereby an effector cell of the immune system actively lyses a target cell, whose membrane-surface antigens have been bound by specific antibodies
"antibody-dependent cellular phagocytosis" or "ADCP"	the mechanism by which antibody-opsonized target cells activate the FcγRs on the surface of macrophages to induce phagocytosis, resulting in internalization and degradation of the target cell through phagosome acidification
"antigen"	any substance that causes the immune system to produce antibodies against it
"APRIL"	a proliferation inducing ligand, a B cell-stimulatory cytokine
"AUC"	area under the curve
"autoimmune diseases"	diseases which arise from an abnormal immune response of the body against substances and tissues normally present in the body

"B-cell"	a type of white blood cell that differs from other types of lymphocytes by expressing B-cell receptors on its surface, and responsible for producing antibodies
"bispecific antibody"	antibody that combines two antigen-recognizing elements into a single construct, able to bind to two different antigens at the same time
"BLA"	biologics license application
"CD3"	a protein complex and T cell co-receptor that is involved in activating both the cytotoxic T cell and T helper cells
"$CD4^+$ T Cell"	a type of lymphocyte that helps coordinate the immune response by stimulating other immune cells to fight infection
"complement-dependent cytotoxicity" or "CDC"	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
"CDR"	complementarity-determining regions, which are part of the variable chains in immunoglobulins (antibodies) and T cell receptors generated by B-cells and T-cells, respectively, where these molecules bind to their specific antigen
"cGMP" or "Current Good Manufacturing Practice"	cGMP refers to the Current Good Manufacturing Practice regulations enforced by the FDA. cGMPs provide for systems that assure proper design, monitoring, and control of manufacturing processes and facilities. Adherence to the cGMP regulations assures the identity, strength, quality, and purity of drug products by requiring that manufacturers of medications adequately control manufacturing operations. This includes establishing strong quality management systems, obtaining appropriate quality raw materials, establishing robust operating procedures, detecting and investigating product quality deviations, and maintaining reliable testing laboratories
"chemotherapy" or "chemo"	a category of cancer treatment that uses one or more anti-cancer small molecule chemical agents as part of its standardized regimen

"chronic pruritus"	one of the main symptoms in dermatology, an itch lasting longer than six weeks in the absence of a known cause
"C_{max}"	maximum measured serum concentration
"clinical trial"	a research study for validating or finding the therapeutic effects and side effects of test drugs in order to determine the therapeutic value and safety of such drugs
"CMC"	chemistry, manufacturing and controls, processes to properly define methods like manufacturing processes, product characteristics and product testing in order to ensure that a pharmaceutical is safe, effective and consistent between batches
"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"	a treatment modality that combines two or more therapeutic agents
"COPD"	chronic obstructive pulmonary disease, a chronic inflammatory lung disease that causes obstructed airflow from the lungs, symptoms include breathing difficulty, cough and mucus production
"cORR" or "confirmed ORR"	the proportion of patients having durable response for a predefined amount of time during the study
"CRC"	colorectal cancer, a type of cancer arising from the colon or rectum
"CRO(s)"	contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
"CRS"	chronic rhinosinusitis, an inflammation of the nose and paranasal sinuses
"CRSwNP"	CRS with nasal polyps, a subgroup of CRS characterized by the presence of fleshy swellings (nasal polyps) that develop in the lining of the nose and paranasal sinuses

"Cytokine"	small proteins secreted by cells of both innate and adaptive immune systems, which can regulate diverse function in the immune response
"Cytotoxic"	toxic to living cells
"DCR"	disease control rate, the total proportion of patients who demonstrate a response to treatment, equal to the sum of complete responses (CR), partial responses (PR) and stable disease (SD)
"DLT"	dose-limiting toxicity, side effects of a drug or other treatment that are serious enough to prevent an increase in dose of that treatment in clinical trial
"DOR"	duration of response
"EASI"	the Eczema Area and Severity Index is a validated scoring system that grades the physical signs of AD. An area score of 0-6 is assigned for each body region (total of four), depending on the percentage of AD-affected skin in that area: 0 (none), 1 (1% to 9%), 2 (10% to 29%), 3 (30% to 49%), 4 (50% to 69%), 5 (70% to 89%), or 6 (90% to 100%). The composite score, on a scale from 0 to 72, determines the severity of the signs of AD and the extent to which a patient is affected. EASI-75 indicates $\geq$ 75% improvement from baseline
"EoE"	eosinophilic escophagitis, a chronic allergic inflammatory disease of the esophagus, in which a type of white blood cell (eosinophil) builds up in the lining of the esophagus
"eosinophils"	a type of disease-fighting white blood cell
"epitopes"	the part of an antigen molecule to which an antibody attaches itself
"Fc"	fragment crystallisable region, which is the tail region of an antibody that interacts with cell surface receptors called Fc receptors and some proteins of the complement system
"FcγRs"	Fc-gamma receptors, a receptor for the Fc region of immunoglobulin

"first-line" or "1L"	with respect to any disease, the first line therapy, which is the treatment regimen or regimens that are generally accepted by the medical establishment for initial treatment. It is also called primary treatment or therapy
"GEJ"	gastroesophageal junction
"HCC"	hepatocellular carcinoma, a type of cancer arising from hepatocytes
"HER2"	human epidermal growth factor receptor 2
"IC_{50}"	a quantitative measure that indicates how much of a drug is needed to inhibit, in vitro, a given biological process by 50%
"IGA"	Investigator's Global Assessment scale, a five-point scale that provides a global clinical assessment of AD severity ranging from 0 to 4, where 0 indicates clear, 2 is mild, 3 is moderate and 4 indicates severe AD
"IgG"	human immunoglobulin G, the most common antibody type found in blood circulation that plays an important role in antibody-based immunity against invading pathogens
"IgG4"	immunoglobulin G4
"IL"	interleukin, a type of cytokine signaling molecule in the immune system to provoke an immune response in the body of a human and other animals
"IL-4"	interleukin-4, a key cytokine associated with type II inflammation
"IL-4Rα"	interleukin-4 receptor subunit alpha, an important modulator of IL-4 and IL-13 by forming an important functional signaling component of both cytokine receptor complexes
"IL-13"	interleukin-13, a key cytokine associated with type II inflammation
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or the U.S.

"immuno-oncology"	a type of immunotherapy that is specifically targeted to fight cancer
"immunogenicity"	the ability of a particular substance, such as an antigen or epitope, to provoke an immune response in the body of a human and other animal. In other words, immunogenicity is the ability to induce a humoral and/or cell-mediated immune responses
"immunotherapy"	a type of therapy that uses substances to stimulate or suppress the immune system to help the body fight cancer, infection, and other diseases
"in vivo"	Latin for "within the living", studies *in vivo* are those in which the effects of various biological or chemical substances are tested on whole, living organisms including animals, humans and plants, as opposed to a partial or dead organism, or those done in vitro
"in vitro"	Latin for "within the glass", studies using components of an organism that have been isolated from their usual biological surroundings, such as microorganisms, cells or biological molecules
"lymphocytes"	a subtype of white blood cells, such as T cells, B cells and NK cells
"MMAE"	monomethyl auristatin E, a synthetic cytotoxic agent which inhibits tubulin polymerization
"monoclonal antibody" or "mAb"	a monospecific antibody against a specific epitope on an antigen made by identical immune cells that are all clones of a unique parent cell, in contrast to polyclonal antibodies which are made from hundreds of different immune cells
"monotherapy"	therapy that uses a single drug to treat a disease or condition
"MTD"	maximum tolerated dose, the highest dose of a drug or treatment that does not cause unacceptable side effects
"naive"	not having received therapy
"ORR"	overall response rate or objective response rate

"OS"	overall survival
"OVA"	ovalbumin, the major protein constituent of chicken egg whites, is a protein that is mildly immunogenic and widely used as an antigen for immunization research
"PBMC"	peripheral blood mononuclear cells
"PD-1"	programmed cell death protein 1, an immune checkpoint receptor expressed on T cells, B cells and macrophages. The normal function of PD-1 is to turn off the T cell mediated immune response as part of the process that stops a healthy immune system from attacking other pathogenic cells in the body. When PD-1 on the surface of a T cell attaches to certain proteins on the surface of a normal cell or a cancer cell, the T cell turns off its ability to kill the cell
"PD-L1"	PD-1 ligand 1, which is a protein on the surface of a normal cell or a cancer cell that binds to its receptor, PD-1, on the surface of the T cell that causes the T cell to turn off its ability to kill the cancer cell
"PFS"	progression-free survival, the length of time during and after the treatment of a disease, such as cancer, that a patient lives with the disease but it does not get worse
"Phase I clinical trials"	study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness
"Phase II clinical trials"	study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases, and to determine dosage tolerance and optimal dosage
"Phase III clinical trials"	study in which a drug is administered to an expanded patient population generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the labeling of the product

"pharmacodynamics" or "PD"	the study of how a drug affects an organism, which, together with pharmacokinetic, influences dosing, benefit, and adverse effects of the drug
"pharmacokinetics" or "PK"	the study of the bodily absorption, distribution, metabolism, and excretion of drugs, which, together with pharmacodynamics, influences dosing, benefit, and adverse effects of the drug
"pivotal trial" or "registrational trial"	the clinical trial or study to demonstrate clinical efficacy and safety evidence required before submission for drug marketing approval
"placebo"	any dummy medical treatment administered to the control group in a controlled clinical trial in order that the specific and non-specific effects of the experimental treatment can be distinguished
"pre-clinical studies"	studies or programs 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
"QW"	once a week
"Q2W"	every two weeks
"RECIST"	Response Evaluation Criteria in Solid Tumors, a set of published rules that define when tumors in cancer patients improve ("respond"), stay the same ("stabilize"), or worsen ("progress") during treatment. The criteria were published in February 2000 by an international collaboration including the European Organisation for Research and Treatment of Cancer (EORTC), National Cancer Institute of the United States, and the National Cancer Institute of Canada Clinical Trials Group. Now the majority of clinical trials evaluating cancer treatments for objective response in solid tumors use RECIST. These criteria were developed and published in February 2000, and subsequently updated in 2009

"relapsed"	when used in reference to any disease, including cancer, the return of a disease or the signs and symptoms of a disease after a period of improvement. With respect to cancer, the likely relapse occurs because a few of the original cancer cells survived the initial treatment. Sometimes, this is because cancer cells spread to other parts of the body and were too small to be detected during the follow-up immediately after treatment
"RP2D"	recommended Phase II dose
"SAE"	serious AE, any medical occurrence in human drug trials that at any dose: results in death; is life-threatening; requires inpatient hospitalization or causes prolongation of existing hospitalization; results in persistent or significant disability/incapacity; may have caused a congenital anomaly/birth defect, or requires intervention to prevent permanent impairment or damage
"SC"	Subcutaneous
"second-line" or "2L"	with respect to any disease, the therapy or therapies that are tried when the first-line treatments do not work adequately
"SMO"	site management organization, an organization that provides clinical trial related services
"solid tumor"	an abnormal mass of tissue that usually does not contain cysts or liquid areas. Solid tumors may be benign (not cancer), or malignant (cancer). Different types of solid tumors are named for the type of cells that form them. Examples of solid tumors are sarcomas, carcinomas, and lymphomas
"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
"T cell(s)"	a lymphocyte of a type produced or processed by the thymus gland and actively participating in the immune response, which plays a central role in cell-mediated immunity. T cells can be distinguished from other lymphocytes, such as B cells and NK cells, by the presence of a T cell receptor on the cell surface

"TNF-α"	tumor necrosis factor-α, a cell signaling protein (cytokine) involved in systemic inflammation and one of the cytokines that make up the acute phase reaction
"toxicity"	the degree to which a substance or a mixture of substances can harm humans or animals. It is expressed generally as a dose response
"TRAE"	a treatment related AE, which is adverse events present after medical treatment
"TSLP"	thymic stromal lymphopoietin, a protein belonging to the cytokine family, and plays an important role in the maturation of T cell populations through activation of antigen presenting cells
"type II inflammation"	inflammation responses caused by aberrant activation of type II immune response. Type II immune response is primarily mediated by TH2 cells, GATA-3+ ILC2S, Tc2 cells, and produces type II cytokines, which induce mast cell, basophil and eosinophil activation, as well as IgE antibody production. In contrast, type I immunity consists of T-bet+ IFN-γ-producing ILCs, CD8+ TC1 cells, and CD4+ TH1 cells, which protect against intracellular microbes through activation of mononuclear phagocytes
"type II allergic diseases"	a type of allergic diseases that share common underlying mechanisms of type II inflammation

FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PROSPECTUS ARE SUBJECT TO RISKS AND UNCERTAINTIES

This prospectus contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for the periods of time to which such statements relate. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing the Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business strategies and plans to achieve these strategies;
- our ability to complete the development and obtain the relevant requisite regulatory approvals of our drug candidates;
- our ability to successfully commercialize our approved drugs in a timely manner;
- our future debt levels and capital needs;
- changes to the political and regulatory environment in the industry and markets in which we operate;
- our expectations with respect to our ability to acquire and maintain regulatory licenses or permits;
- changes in competitive conditions and our ability to compete under these conditions;
- future developments, trends and conditions in the industry and markets in which we operate;
- general economic, political and business conditions in the markets in which we operate;
- effects of the global financial markets and economic crisis;
- our financial conditions and performance;
- our dividend policy; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

In some cases, we use the words "aim," "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "going forward," "intend," "ought to," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "will," "would" and similar expressions to identify forward-looking statements. In particular, we use these forward-looking statements in the "Business" and "Financial Information" sections of this prospectus in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

These forward-looking statements are based on current plans and estimates, and speak only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Our Directors confirm that the forward-looking statements are made after reasonable care and due consideration. Nonetheless, due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all.

Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are 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 prospectus, including the risks and uncertainties described below, before making an investment in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and prospects. In any such case, the market price of our Shares could decline, and you may lose all or part of your investment.

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

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) key risks relating to our business, business operations, intellectual property rights and financial prospects; (ii) other risks relating to our business, comprising (a) risks relating to our intellectual property rights, (b) risks relating to the development of our drug candidates, (c) risks relating to our reliance on third parties, (d) risks relating to extensive government regulation, (e) risks relating to manufacturing of our drug candidates, and (f) risks relating to commercialization of our products, and (iii) other risks relating to our financial position and need for additional capital; (iv) other risks relating to our operations; (v) risks relating to our doing business in China; and (vi) risks relating 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, results of operations and prospects. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

KEY RISKS RELATING TO OUR BUSINESS, BUSINESS OPERATIONS, INTELLECTUAL PROPERTY RIGHTS AND FINANCIAL PROSPECTS

Our business and financial prospects depend substantially on the success of our clinical-stage and pre-clinical stage drug candidates. If we are unable to successfully complete their clinical development, obtain their regulatory approvals and achieve their commercialization, or if we experience significant delays in doing any of the foregoing, our business will be materially harmed.

Our ability to generate revenue and realize profitability is dependent on our ability to successfully complete the development of our drug candidates, obtain necessary regulatory approvals, and manufacture and commercialize our drug candidates. We have invested a significant portion of our efforts and financial resources in the development of our existing

drug candidates, and we expect to continue to incur substantial and increasing expenditures for the development and commercialization of our drug candidates. The success of our drug candidates will depend on several factors, including but not limited to:

- successful enrollment of patients in, and completion of, clinical trials, as well as completion of pre-clinical studies;
- favorable safety and efficacy data from our clinical trials and other studies;
- receipt of regulatory approvals for our drug candidates;
- successfully launching commercial sales of our drug candidates, if and when approved;
- sufficient resources to acquire or discover additional drug candidates and successful identification of potential drug candidates based on our research or business development methodology or search criteria and process;
- obtaining sufficient supplies of any drug products that are used in combination with our drug candidates, competitor drugs or comparison drugs that may be necessary for use in clinical trials for evaluation of our drug candidates;
- establishing sufficient commercial manufacturing capabilities, either by expanding our existing facilities, building new facilities ourselves and/or making arrangements with contract manufacturing organizations in the future;
- the performance by CROs or other third parties we may retain to conduct clinical trials, of their duties to us in a manner that complies with our protocols and applicable laws and that protects the integrity of the resulting data;
- obtaining, maintaining and enforcing patent, trademark, trade secret and other intellectual property protection and regulatory exclusivity for our drug candidates;
- ensuring we do not infringe, misappropriate or otherwise violate the patents, trademarks, trade secrets or other intellectual property rights of third parties, and successfully defending against any claims by third parties that we have infringed, misappropriated or otherwise violated any intellectual property of any such third party;
- obtaining and maintaining favorable governmental and private reimbursement from third-party payers for drugs, if and when approved;
- competition with other drug candidates and drugs; and
- maintaining acceptable safety profile of our drug candidates following regulatory approval.

Some of our drug candidates represent a novel approach to therapeutic needs compared with more commonly used medical methods, which carries inherent development risks and could result in delays in clinical development, regulatory approval or commercialization. Any modification to the protocols related to the demonstration of safety or efficacy of our drug candidates may delay the clinical program, regulatory approval and/or commercialization, and we may be required to supplement, modify, or withdraw and refile our applications for the regulatory approval. In addition, potential patients and their physicians may be inclined to use conventional standard-of-care treatments rather than trying out a novel approach. Further, given the novelty of our drug candidates, patients and medical personnel may need substantial education and training. This may have a material impact on our ability to generate revenue from our drug candidates, which in turn may adversely affect our business, financial condition and results of operations.

As of the Latest Practicable Date, all of our drug candidates were in various phases of clinical trials and pre-clinical studies and we did not have any drug candidates that are at NDA/BLA stage with the relevant competent regulatory authorities. We therefore have limited experience in filing for regulatory approval for our drug candidates, and we have not yet demonstrated the ability to receive regulatory approval for our drug candidates. As a result, our ability to successfully obtain regulatory approval for our drug candidates may involve more inherent risk, take longer, and cost more than it would if we were a company with experience in obtaining regulatory approvals.

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

To obtain regulatory approval for the commercialization of our drug candidates, we must conduct extensive clinical trials to demonstrate the safety and efficacy of our drug candidates in humans for their proposed indications. If the results of clinical trials of our drug candidates are not positive or only modestly positive for proposed indications or if they raise safety concerns, we may: (i) be delayed in obtaining regulatory approval for our drug candidates, or not obtain regulatory approval at all; (ii) be required to add labeling statements, or be required to create a medication guide outlining the risks of the side effects for distribution to patients; (iii) be required to develop risk evaluation and mitigation strategies and plans to mitigate risks, which could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools; (iv) not obtain regulatory approval for all the proposed indications as intended; (v) be subject to additional post-marketing testing requirements or restrictions on how the drug is distributed or used; (vi) be sued or held liable for injury caused to individuals exposed to or taking our drug candidates; (vii) be unable to obtain reimbursement for use of the drug; and (viii) have the drug removed from the market after obtaining regulatory approval. Any of these events could prevent us from achieving or maintaining market acceptance of the particular drug candidate, if approved, and could significantly harm our business, results of operations and prospects.

We have entered into collaborations with our partners and may form or seek additional collaborations or strategic alliances or enter into licensing arrangements in the future. We may not realize any or all benefits of such alliances or licensing arrangements, and disputes may arise between us and our current or future collaboration partners.

We have in the past entered into, and may in the future seek and form, strategic alliances, joint ventures or other collaborations, including entering into 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. During the Track Record Period, we entered into three collaboration arrangements with Lepu Biopharma, Mabworks and InnoCare for the co-development CMG901, MIL95/CM312 and CM355 respectively. In March 2021, we entered into an exclusive license agreement with CSPC, pursuant to which we granted CSPC an exclusive license to to develop and commercialize CM310 for the treatment of moderate and severe asthma, COPD and other respiratory diseases in China (excluding Hong Kong, Macau, or Taiwan). For further details, please refer to the paragraph headed "Business – Collaboration Agreements." Our strategic collaboration with partners involves numerous risks, which may include the following:

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

- collaboration partners may not pursue development and commercialization of our drug candidates or may fail to effectively implement commercialization plans and strategies, or may not to continue or renew development or commercialization programs based on clinical trial results, or change their strategic focus due to the acquisition of competitive products, availability of funding, or other external factors, such as a business combination that diverts resources or creates competing priorities;

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

- collaboration partners with marketing and distribution rights to one or more products fail to effectively implement commercialization plans and strategies, or may not commit sufficient resources to their marketing and distribution;

- collaboration partners 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;

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

- our collaborators may breach the collaborations, and any termination of collaborations may result in our inability to generate revenue in the foreseeable future and a need for additional capital to pursue further development or commercialization of the applicable drug candidates; and/or

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

We may also form or seek additional collaborations or strategic alliances or enter into licensing arrangements in the future. We may not achieve the revenue and cost synergies expected from the collaboration or transaction. These synergies are inherently uncertain, and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and are beyond our control. If we achieve the expected benefits, they may not be achieved within the anticipated time frame. Also, the synergies from our collaboration with partners may be offset by other costs incurred in the collaboration, increases in other expenses, operating losses or problems in the business unrelated to our collaboration. As a result, there can be no assurance that these synergies will be achieved.

We also 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 in the future because they may be deemed to be at too early of a stage of development for collaborative effort and third parties may not view our drug candidates as having the requisite potential to demonstrate safety and efficacy or commercial viability. If and when we collaborate with a third party for 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. For any drug candidates that we may seek to in-license from third parties, we may face significant competition from other pharmaceutical or biopharmaceutical companies with greater resources or capabilities than us, and any agreement that we do enter into may not result in the anticipated benefits.

We have no track record and limited experience in commercialization of drugs. If we are unable to build and manage sales network, or maintain sufficient sales and marketing capabilities, either by ourselves or through third parties, we may not be able to successfully create or increase market awareness of our products or sell our products, which will materially affect our ability to generate product sales revenue.

We have not yet demonstrated an ability to launch and commercialize any of our drug candidates. Our ability to successfully commercialize our drug candidates may involve more inherent risk, take longer, and cost more than it would if we were a company with experience launching and marketing drug candidates.

We will have to compete with other pharmaceutical companies to recruit, hire, train and retain marketing and sales personnel. If we are unable to, or decide not to, further develop internal sales, marketing and commercial distribution capabilities for any or all of our drug candidates, we will likely pursue collaborative arrangements regarding the sales and marketing of our drug candidates. 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 upon the efforts of such third parties. We would 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 also face competition in our search for third parties to assist us with the sales and marketing efforts for our drug candidates.

There can be no assurance that we will be able to further develop and successfully maintain 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.

We face substantial competition and our competitors may discover, develop or commercialize competing drugs faster or more successfully than we do.

The development and commercialization of new drugs, especially biological products, is highly competitive. We face competition from major pharmaceutical companies, specialty pharmaceutical companies and biopharmaceutical companies worldwide. There are a number of large pharmaceutical companies that currently market and sell drugs or are pursuing the development of drugs for the treatment of autoimmune diseases, oncology or other indications for which we are developing our drug candidates. Our drug candidates face competition in markets including China and the U.S. from marketed drugs or advanced drug candidates under development that have the same or similar target indications or mechanism of actions to our drugs and/or drug candidates. For example, Sanofi/Regeneron's dupilumab (Dupixent), the first IL-4Rα antibody, has been approved for the treatment of a range of allergic diseases, such as AD, asthma and CRSwNP, in the U.S. and several European Union countries. Dupilumab was approved for the treatment of AD by the NMPA in June 2020. CM310 may face significant barriers of entry in markets where dupilumab and other approved competing products have received market acceptance by physicians, patients, third-party payers and others and established a strong market position before CM310 is successfully commercialized. Furthermore, dupilumab is backed by a global pharmaceutical company with far greater financial resources than we have, which may further impair our ability to achieve clinical acceptance and market penetration for CM310. In addition, CM310 may also face competition from medications with lower prices and more convenient dosage form in China, such as steroid for the treatment of AD and asthma and other small molecule targeted therapies, like JAK inhibitors for the treatment of AD. There are also many other clinical-stage biologics and small molecule targeted therapies being developed by multinational pharmaceutical corporations and biotech companies for similar indications and target patient population with CM310, which may further increase the difficulties for CM310 to obtain substantial market share. Potential competitors also 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. We anticipate that we will face intense and increasing competition as new drugs enter the market and advanced technologies become available.

Competition in therapeutic areas such as autoimmune disease and oncology and to which our products belong is extremely fierce given the abundance of existing competing drugs and drug candidates that continue to increase competition in the market. Many of the companies against which we are competing or against which we may compete in the future have significantly greater financial, technical and human resources and expertise in research and development, manufacturing, pre-clinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved drugs than we do. Competition may increase further as a result of advances in the commercial applicability of new or disruptive technologies.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize drugs that are more effective, have fewer or less severe side effects, are more convenient, or are less expensive than any drugs that we may develop or commercialize. Our competitors also may obtain approval from the NMPA, the FDA, or other comparable regulatory authorities for their drugs more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market. For example, the NMPA has recently accelerated the market approval process for drug candidates targeting diseases with high unmet medical need. The NMPA approves drug candidates with clinical data obtained from foreign countries to file drug registrations in China. Such clinical data shall meet the requirements of CDE. This may lead to potential increased competition from drugs which have already obtained approval in other jurisdictions. They may render our drug candidates obsolete or non-competitive before we can recover expenses of developing and commercializing any of our drug candidates.

Mergers and acquisitions in the pharmaceutical industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs. Our competitors may succeed in developing, acquiring, or licensing on an exclusive basis, drugs and drug candidate that are more effective or less costly than our drug candidates, or achieve earlier patent protection, regulatory approval, 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.

If we are unable to obtain and maintain adequate patent and other intellectual property protection for our drug candidates throughout the world, 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 develop and commercialize any of our drug candidates or technologies would be materially adversely affected.

Our success depends in large part on our ability to protect our proprietary technologies and drug candidates from competition by obtaining, maintaining, defending and enforcing our intellectual property rights, including patent rights. We seek to protect the drug candidates and technology that we consider commercially important by filing patent applications in China, the U.S. and other jurisdictions, relying on trade secrets or pharmaceutical regulatory protection or employing a combination of these methods. In particular, we have sought patents in China, the U.S. and various other jurisdictions for our core and major products. For further information on our patent portfolio, see "Business – Intellectual Property." If we or our collaborators are unable to obtain and maintain patent and other intellectual property protection with respect to our drug candidates and technologies, our business, financial condition, results of operations and prospects could be materially harmed.

The patent prosecution process is expensive, time-consuming and complex, and we may not be able to file, prosecute, maintain, defend, enforce or license all necessary or desirable patents at a reasonable cost or in a timely manner in all desirable jurisdictions. As a result, we may not be able to prevent competitors or other third parties from developing and commercializing competitive drugs in all such fields and jurisdictions. Moreover, some of our patent applications may in the future be co-owned with third parties. If we are unable to obtain an exclusive license to any such third-party co-owners' interest in such patents or patent applications, such co-owners may be able to license their rights to other third parties, including our competitors, and our competitors could market competing products and technology. In addition, we may need the cooperation of any such co-owners of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us. Furthermore, the patent position of pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

The requirements for patentability differ in certain jurisdictions, particularly developing countries. For example, China has a heightened requirement for patentability and, specifically, requires a detailed description of medical uses of a claimed drug. Many jurisdictions have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many jurisdictions limit the enforceability of patents against government agencies or government contractors. In these jurisdictions, the patent owner may have limited remedies, which could materially diminish the value of such patents. If we or any of our collaborators are forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be materially impaired and our business, financial condition, results of operations, and prospects may be adversely affected.

Patents may be invalidated and patent applications may not be granted for a number of reasons, including known or unknown prior art, deficiencies in the patent application or the lack of novelty of the underlying invention or technology. As of the Latest Practicable Date, we had 33 pending patent applications. We cannot assure you that all of these patent applications will be granted. For further information on our patent portfolio, see "Business – Intellectual Property." It is also possible that we will fail to identify patentable aspects of our research and development output in time to obtain patent protection. Although we enter into non-disclosure and confidentiality agreements with parties who have access to confidential or patentable aspects of our research and development output, such as our employees, corporate collaborators, outside scientific collaborators, contract manufacturers, consultants, advisors and other third parties, any of these parties may breach such agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to obtain patent protection. In addition, publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the U.S. 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 or our collaborators were the first to make the inventions claimed in our owned or licensed patents or pending patent applications or that we or our collaborators were the first to file for patent protection of such inventions. Furthermore, China and, recently, the U.S. have adopted the "first-to-file" system under which whoever first files a patent application will be awarded the patent if all other patentability requirements are met. If a third party can establish that we or our licensors were not the first to file for patent protection of such inventions, our owned or licensed patent applications may not issue as patents and even if issued, may be challenged and invalidated or ruled unenforceable, and third parties may be granted a patent relating to a technology which we invented.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in the PRC, the U.S., the EU, and other countries. We may be subject to a third-party preissuance submission of prior art to the CNIPA, USPTO, EPO, or other related intellectual property offices, or become involved in post-grant proceedings such as opposition, derivation, revocation and re-examination, or inter partes review, or interference proceedings or similar proceedings in foreign jurisdictions challenging our patent rights or the patent rights of others. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology, products or drug candidates and compete directly with us without payment to us. Moreover, we may have to participate in interference proceedings declared by the CNIPA, USPTO, EPO, or other related intellectual property offices to determine priority of invention or in post-grant challenge proceedings, such as oppositions in a foreign patent office, that challenge the priority of our invention or other features of patentability of our patents and patent applications. Such challenges may result in loss of patent rights, loss of exclusivity, or in patent claims being narrowed, invalidated, or held unenforceable, which could limit our ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our technology, products and drug candidates. Such proceedings also may result in substantial costs and require significant time from our scientists, experts and management, even if the eventual outcome is favorable to us. Consequently, we do not know

whether any of our technologies, products or drug candidates will be protectable or remain protected by valid and enforceable patents. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner.

We are primarily focused on protecting our intellectual property rights in China, the U.S., and other jurisdictions. Filing, prosecuting, maintaining, defending and enforcing patents and other intellectual property rights with respect to our drug candidates in all other jurisdictions throughout the world would be prohibitively expensive for us. Our intellectual property rights in certain jurisdictions may have a lessor or different scope and strength compared to those in our target markets. In addition, the laws of certain jurisdictions do not protect intellectual property rights to the same extent as the laws of our target markets. Consequently, in some cases, we may not be able to obtain issued patents or other intellectual property rights covering our drug candidates in jurisdictions outside our target markets and, as a result, we may not be able to prevent third parties from using our inventions in all jurisdictions outside our target markets, or from selling or importing drugs made using our inventions in and into our target markets or other jurisdictions. Competitors and other third parties may use our technologies in jurisdictions where we have not pursued and obtained patent and other intellectual property protection to develop their own drugs and further, may export otherwise infringing drugs to jurisdictions where we have patent or other intellectual property protection, but where enforcement rights are not as strong as those in markets such as the U.S. These drugs may compete with our drug candidates and our patent rights or other intellectual property rights may not be effective or adequate to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in jurisdictions such as China. The legal system in these jurisdictions, particularly those in certain developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property protection, particularly those relating to biotechnology products, which could make it difficult for us to stop the infringement, misappropriation or other violation of our patents or other intellectual property rights, or the marketing of competing drugs in violation of our proprietary rights in these jurisdictions. Proceedings to enforce our patent and other intellectual property rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents and other intellectual property rights at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing 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 commercial advantage from the intellectual property that we develop or license. In addition, under the PRC patent law, any organization or individual that applies for a patent in a foreign country for an invention or utility model accomplished in China is required to report to the NIPA, for confidentiality examination. Otherwise, if an application is later filed in China, the patent right will not be granted. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

We have incurred net losses since inception, and expect to continue to incur net losses for the foreseeable future. Potential investors may lose substantially all their investments in us given the high risks involved in our business.

Investment in biopharmaceutical drug companies is highly speculative. We have incurred substantial capital expenditures to date, and expect to continue to incur expenses related to clinical trials and pre-clinical studies. For the years ended December 31, 2019 and December 31, 2020, we had total comprehensive loss of RMB167.5 million and RMB818.8 million, respectively. However, we cannot assure you that our drug candidates will obtain regulatory approvals and/or become commercially viable. Our ability to generate significant revenue from our drug candidates will depend primarily on the success of the regulatory approval, manufacturing, and commercialization of the drug candidates, which is subject to significant uncertainty. Even if we obtain regulatory approval to market our drug candidates, our future revenue will depend upon other factors such as the market size for the proposed indications of our drug candidates, and our ability to achieve sufficient market acceptance.

The amount of our future net losses will depend, in part, on our future expenses resulted from costs and expenses incurred by our research and development programs and in relation to our operations, the cost of commercializing any approved products, our ability to generate revenues, and the timing and amount of milestone and other payments we make or receive with or through arrangements with third parties. We expect to continue to incur significant expenses and losses for the foreseeable future. We anticipate that our expenses will increase significantly if and as we:

- continue to advance the clinical trials and pre-clinical studies of our product pipeline;
- initiate pre-clinical, clinical or other studies for new drug candidates;
- seek regulatory approvals for our drug candidates to complete clinical development and commence commercialization;
- manufacture our drug candidates for clinical trials and for commercial sale;
- develop and expand our commercialization team to commercialize any drug candidates in our pipeline for which we may obtain regulatory approval;
- acquire or in-license other drug candidates, intellectual property assets and technologies;
- incur costs to develop or manufacture drug candidates under any collaboration or in-license agreements;

- maintain, protect, expand and enforce our intellectual property portfolio;
- attract and retain skilled personnel, and grant equity-settled awards to our employees under our share incentive schemes; and
- create additional infrastructure to support our operations as a public company and our product development and planned future commercialization efforts.

We face risks related to health epidemics and other outbreaks of contagious diseases, including the COVID-19 outbreak.

Our operations may be under the threat of outbreak of a widespread health epidemic, such as swine flu, avian influenza, severe acute respiratory syndrome, or SARS, Ebola, Zika, COVID-19, or other events. Serious contagious diseases may result in loss of lives, injury and disruption of our business and operations. The occurrence of a disaster or a prolonged outbreak of an epidemic illness or other adverse public health developments in China or elsewhere in the world could materially disrupt our business and operations. For example, the recent outbreak of COVID-19 has affected many people globally, caused temporary suspension of productions and shortage of labor and raw materials in affected regions, and disrupted local and international travel and economy. The exacerbation, continuance or reoccurrence of COVID-19 has already caused and may continue to cause an adverse and prolonged impact on the economy, geopolitical and social conditions in China and other affected countries. The existing clinical trials and the commencement of new clinical trials could also be substantially delayed or prevented by any delay or failure in patient recruitment or enrollment in our trials as a result of the outbreak of COVID-19. These factors could cause delay of clinical trials schedule, R&D progress, regulatory submissions, and required approvals of our drug candidates, and could cause us to incur additional costs. For more details, please refer to the paragraphs headed "Summary – Outbreak of COVID-19" in this prospectus. If our employees or employees of our business partners are suspected of being infected with an epidemic disease, our operations may be disrupted because we or our business partners must quarantine some or all of the affected employees or disinfect the operating facilities. If we are not able to effectively develop and commercialize our drug candidates as a result of protracted clinical trials of enrolled patients, elevated public health safety measures, and/or failure to recruit and conduct patient follow-up, we may not be able to generate revenue from sales of our drug candidates as planned.

OTHER RISKS RELATING TO OUR BUSINESS

Risks Relating to Our Intellectual Property Rights

Third parties may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights, the outcome of which would be uncertain, and we may be subject to substantial costs and liability, or be prevented from using technologies incorporated in our drug candidates or future drugs, or delay the commercialization of our drug candidates in certain jurisdictions, as a result of such litigation or other proceedings relating to patent or other intellectual property rights.

Our commercial success depends in part on our and our collaborators avoiding infringement, misappropriation, and other violations of the patents and other intellectual property rights of third parties. We are aware of numerous issued patents and pending patent applications belonging to third parties that exist in fields in which we are developing our drug candidates. The timeline of commercial launch of our drug candidates is subject to significant uncertainty, and we cannot rule out the possibility that we may receive regulatory approval and choose to launch those drug candidates in the relevant markets earlier than we currently expect, or the possibility that the terms of relevant third-party patents may be extended such that they may still be valid when we expect them to have expired. For further details, please refer to the paragraphs headed "Business – Intellectual Property". Based on the freedom-to-operate (FTO) analysis on our Core Product (CM310), we are not aware of any issued patents that may affect our rights to conduct research and development and commercialization of those products in China. FTO analysis is a patent search commonly used to determine whether there are any existing patents covering a company's product, and whether such product would infringe any existing patents. However, the potential scope of an FTO search can be immense and all patent databases have limitations. Further, patent applications generally remain unpublished within 18 months after its earliest filing, and hence an earlier-filed, unpublished patent application could potentially present an infringement risk. Therefore, we cannot guarantee that our FTO search and analysis have exhaustively reviewed all the existing and future patents that potentially cover our products. There may also be third-party patents or patent applications of which we are currently unaware, and given the dynamic area in which we operate, additional patents are likely to issue that relate to aspects of our business. There is a substantial amount of litigation and other claims and proceedings involving patent and other intellectual property rights in the pharmaceutical industries generally. As the pharmaceutical industries expand and more patents are issued, the risk increases that our drug candidates may give rise to claims of infringement of the patent rights of others. FTO analysis is technically complicated and involves significant judgement as to the scope, validity and enforceability of patents. There can be no assurance that a court would agrees with our analysis or find in our favor on questions of infringement, and the outcome following legal claims of patent infringement is unpredictable.

If third parties bring successful claims against us for infringement, misappropriation or other violations of their intellectual property rights, we may be subject to injunctive or other equitable relief, which could prevent us from developing and commercializing one or more of our drug candidates. Defense of these claims, regardless of their merit, would involve

substantial litigation expense and would be a substantial diversion of employee resources from our business. In the event of a successful claim against us of infringement, misappropriation or other violation of intellectual property, or a settlement by us of any such claims, we may have to pay substantial damages, including treble damages and attorneys' fees in the case of willful infringement, pay royalties and other payments or redesign our infringing drug candidates, which may be impossible or require substantial time and cost. In the event of an adverse result in any such litigation, or even in the absence of litigation, we may need to obtain licenses from third parties to advance our research or allow commercialization of our drug candidates. Any such license might not be available on reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to us, and it could require us to make substantial licensing and royalty payments. In the event that we are unable to obtain such a license, we would be unable to further develop and commercialize one or more of our drug candidates, which could harm our business significantly. We may also elect to enter into license agreements in order to settle patent and other intellectual property infringement claims or to resolve disputes prior to litigation, and any such license agreements may require us to pay royalties and other fees that could significantly harm our business.

Even if litigation or other proceedings are resolved in our favor, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the market price of our Shares.

Such litigations or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

Even if we are able to obtain patent protection for our drug candidates, the term of such protection, if any, is limited, and third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us after the expiration of our patent rights, if any, and our ability to successfully commercialize any product or technology would be materially adversely affected.

Although various adjustments and extensions may be available, the term of a patent, and the protection it affords, is limited. For example, in the U.S., the expiration of a patent is generally 20 years from the earliest date of filing of the first non-provisional patent application to which the patent claims priority. Even if we successfully obtain patent protection for an approved drug candidate, it may face competition from generic or biosimilar medications once the patent has expired. Manufacturers of generic or biosimilar drugs may challenge the scope, validity or enforceability of our patents in court or before a patent office, and we may not be successful in enforcing or defending those intellectual property rights and, as a result, may not be able to develop or market the relevant product exclusively, which would have a material adverse effect on any potential sales of that product. The issued patents and pending patent applications, if issued, for our drug candidates are expected to expire on various dates as

described in "Business – Intellectual Property" of this prospectus. Upon the expiration of our issued patents or patents that may issue from our pending patent applications, we will not be able to assert such patent rights against potential competitors and our business and results of operations may be adversely affected.

Given the amount of time required for the development, testing and regulatory review of new drug candidates, patents protecting such drug candidates might expire before or shortly after such drug candidates are commercialized. As a result, our owned and licensed (if any in the future) patents and patent applications may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. Moreover, some of our patents and patent applications are, and may in the future be, co-owned with third parties. If we are unable to obtain an exclusive license to any such third-party co-owners' interest in such patents or patent applications, such co-owners may be able to license their rights to other third parties, including our competitors, and our competitors could market competing products and technology. In addition, we may need the cooperation of any such co-owners of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

Patent terms may be inadequate to protect our competitive position on our drug candidates for an adequate amount of time, and 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 for our products in China.

In the U.S., the Federal Food Drug and Cosmetic Act (the "**FDCA**"), as amended by the law generally referred to as "Hatch-Waxman," provides the opportunity for limited patent term extension. Hatch-Waxman permits a patent-term restoration that provides a patent term extension of up to five years to reflect patent term lost during certain portions of product development and the FDA regulatory review process. However, 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 the extension must be submitted prior to the expiration of the patent for which extension is sought. A patent that covers multiple products for which approval is sought can only be extended in connection with one of the approvals. 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 may be eligible for limited patent term extension under Hatch-Waxman. 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. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. In addition, to the extent we wish to pursue patent term extension based on a patent that we in-license from a third party,

we would need the cooperation of that third party. If we are unable to obtain patent term extensions or if 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 revenue could be reduced.

Hatch-Waxman also has a process for patent linkage, pursuant to which the FDA will stay approval of certain follow-on applications during the pendency of litigation between the follow-on applicant and the patent holder or licensee, generally for a period of 30 months. Moreover, 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 U.S. 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 U.S. Orphan Drug Act provides seven years of market exclusivity for certain drugs to treat rare diseases, where FDA designates the drug candidate as an orphan drug and the drug is approved for the designated orphan indication. These provisions, designed to promote innovation, can prevent competing products from entering the market for a certain period of time after the FDA grants marketing approval for the innovative product.

In China, however, there is no currently effective law or regulation providing 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 U.S. 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 or other third parties may obtain approval of competing products following our patent expiration. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful.

Competitors or other third parties may challenge the validity and enforceability of our patents or those of our licensing partners, infringe, misappropriate or otherwise violate our other intellectual property rights. To counter infringement, misappropriation or any other unauthorized use, litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others. Litigation and other proceedings in connection with any of the foregoing claims can be expensive and time-consuming and, even

if resolved in our favor, may cause us to incur significant expenses and could distract management and our scientific and technical personnel from their normal responsibilities. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Any claims that we assert against perceived infringers and other violators could also provoke these parties to assert counterclaims against us alleging that we infringe, misappropriate or otherwise violate their intellectual property rights. Many of our current and potential competitors have the ability to dedicate substantially greater resources to enforce and defend their intellectual property rights than we can. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon, misappropriating or otherwise violating our intellectual property rights. An adverse result in any litigation proceeding could put our patent, as well as any patents that may issue in the future from our pending patent applications, at risk of being invalidated, held unenforceable or interpreted narrowly. 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.

Moreover, we may not be able to detect infringement against our patents. Even if we detect infringement by a third party of any of our patents, we may choose not to pursue litigation against or settlement with such third party. If we later sue such third party for patent infringement, the third party may have certain legal defenses available to it, which otherwise would not be available except for the delay between when the infringement was first detected and when the suit was brought. Such legal defenses may make it impossible for us to enforce our patents against such third party.

Although we believe that we have conducted our patent prosecution in accordance with the duty of candor and in good faith, the outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity of our patents, for example, we cannot be certain that there is no invalidating prior art of which we, our collaboration partner, our or their patent counsel and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our drug candidates, leave our technology or drug candidates without patent protection, allow third parties to commercialize our technology or drug candidates and compete directly with us, without payment to us, or could require us to obtain license rights from the prevailing party in order to be able to manufacture or commercialize our drug candidates without infringing third party patent rights. Even if a defendant does not prevail on a legal assertion of invalidity 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.

Moreover, if the breadth or strength of protection provided by our patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize our drug candidates.

Additionally, we may be subject to claims that former employees, collaborators or other third parties have an interest in our owned or in-licensed (if any in the future) patents, patent applications, trade secrets or other intellectual property as an inventor or co-inventor. For example, we may have inventorship disputes arise from conflicting obligations of employees, consultants or others who are involved in developing our drug candidates or technology. Litigation may be necessary to defend against these and other claims challenging inventorship of our owned or in-licensed patents, patent applications, trade secrets or other intellectual property. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of or right to use intellectual property that is important to our drug candidates. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

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

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and patent applications are due to be paid to the NIPA, the USPTO and other patent agencies in other jurisdictions in several stages over the lifetime of a patent. The NIPA, the USPTO and other governmental patent agencies also require compliance with a number of procedural, documentary, and other similar provisions during the patent application process. We rely on our outside counsel and other professionals to help us comply and we are also dependent on our licensors to take the necessary action to comply with these requirements with respect to our licensed intellectual property. Although an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which non-compliance can result in abandonment, loss of priority or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees, and failure to properly legalize and submit formal documents. In any such event, our competitors or other third parties might be able to enter the market, which would have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

Changes in patent laws of China, the U.S. or other jurisdictions could diminish the value of patents in general, thereby impairing our ability to protect our drug candidates and future drugs.

As is the case with other pharmaceutical companies, our success is heavily dependent on obtaining, maintaining, enforcing and defending intellectual property, particularly patents. Obtaining and enforcing patents in the pharmaceutical industry involves technological and

legal complexity, and obtaining and enforcing pharmaceutical patents is costly, time-consuming and inherently uncertain. Changes in either the patent laws or their interpretation in China, the U.S. or other jurisdictions may increase the uncertainties and costs surrounding the prosecution of our patents, diminish our ability to protect our inventions, obtain, maintain, defend, and enforce our intellectual property rights and, more generally, affect the value of our intellectual property or narrow the scope of our patent rights.

In China, intellectual property laws are constantly evolving, with efforts being made to improve intellectual property protection in China. For example, a Draft Amendment to the PRC Patent Law (《專利法(修正案草案)》) was released in January 2019 and proposed to introduce patent extensions to eligible innovative drug patents. If adopted, patents owned by third parties may be extended, which may in turn affect our ability to commercialize our products without facing infringement risks. The adoption of this draft amendment may enable the patent owner to submit applications for a patent term extension. The length of any such extension is uncertain. If we are required to delay commercialization for an extended period of time, technological advances may develop and new products may be launched, which may in turn render our products non-competitive. We cannot guarantee that any other changes to PRC intellectual property laws would not have a negative impact on our intellectual property protection.

Recently enacted U.S. laws have changed the procedures through which patents may be obtained and by which the validity of patents may be challenged. For example, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, includes a number of significant changes to U.S. patent law. These changes include provisions that affect the way patent applications are prosecuted, redefine prior art, provide more efficient and cost-effective avenues for competitors to challenge the validity of patents, and enable third-party submission of prior art to the USPTO during patent prosecution and additional procedures to attack the validity of a patent by USPTO-administered post-grant proceedings, including post-grant review, inter partes review and derivation proceedings. Assuming that other requirements for patentability are met, prior to March 2013, in the U.S., the first to invent the claimed invention was entitled to the patent, while outside the U.S., the first to file a patent application was entitled to the patent. After March 2013, under the Leahy-Smith Act, the U.S. transitioned to a first-to-file system in which, assuming that the other statutory requirements for patentability are met, the first inventor to file a patent application will be entitled to the patent on an invention regardless of whether a third party was the first to invent the claimed invention. As such, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications in the U.S. and the enforcement or defense of our issued patents, each of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Recent U.S. Supreme Court rulings have also changed the law surrounding patent eligibility and 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 could weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future. There could be similar changes in the laws of foreign jurisdictions that may impact the value of our patent rights or our other intellectual property rights all of which could have a material adverse effect on our patent rights and our ability to protect, defend and enforce our patent rights in the future, as well as on our competitive position, business, financial conditions, results of operations and prospects.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed. We may be subject to claims that our employees, consultants or advisors have wrongfully used or disclosed alleged trade secrets of their former employers, and we may be subject to 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 secrets 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 our trade secrets and confidential information, in part, by entering into non-disclosure and confidentiality agreements with parties that have access to trade secrets or confidential information, such as our employees, corporate collaborators, outside scientific collaborators, sponsored researchers, contract manufacturers, consultants, advisors and other third parties that have access to them. However, we may not be able to prevent the unauthorized disclosure or use of our trade secrets and confidential information by the parties to these agreements. Monitoring unauthorized uses and disclosures is difficult and we do not know whether the steps we have taken to protect our proprietary technologies will be effective. Any of the parties with whom we enter into confidentiality agreements may breach or violate the terms of any such agreements and may disclose our proprietary information, and we may not be able to obtain adequate remedies for any such breach or violation. As a result, we could lose our trade secrets and third parties could use our trade secrets to compete with our drug candidates and technology. Additionally, we cannot guarantee that we have entered into such agreements with each party that may have or has had access to our trade secrets or proprietary technology and processes. 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 advisors, including our senior management, may currently be, or were previously employed at other pharmaceutical or biopharmaceutical companies, including our competitors or potential competitors. Some of these employees, consultants, and advisors, executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees, consultants and advisors do not use the proprietary information or

know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. We are not aware of any threatened or pending claims related to these matters 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 be required to obtain licenses to such intellectual property rights, which may not be available on commercially reasonable terms or at all. An inability to incorporate such intellectual property rights would harm our business and may prevent us from successfully commercializing our drug candidates. In addition, we may lose personnel as a result of such claims and any such litigation or the threat thereof may adversely affect our ability to hire employees or contract with independent contractors. A loss of key personnel or their work product could hamper or prevent our ability to commercialize our drug candidates and technology, which would have a material adverse effect on our business, results of operations, financial condition and prospects. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to our employees and management.

In addition, while we typically require our employees, consultants and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own. Furthermore, even when we obtain agreements assigning intellectual property to us, 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 to determine the ownership of what we regard as our intellectual property. Furthermore, individuals executing agreements with us may have pre-existing or competing obligations to a third party, such as an academic institution, and thus an agreement with us may be ineffective in perfecting ownership of inventions developed by that individual. 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 any of the foregoing claims, litigation could result in substantial costs and be a distraction to our management and scientific personnel.

In addition, we may in the future be subject to claims by former employees, consultants or other third parties asserting an ownership right in our owned or licensed patents or patent applications. An adverse determination in any such submission or proceeding may result in loss of exclusivity or freedom to operate or in patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit our ability to stop others from using or commercializing similar drug candidates or technology, without payment to us, or could limit the duration of the patent protection covering our drug candidates and technology. Such challenges may also result in our inability to develop, manufacture or commercialize our drug candidates without infringing third-party patent rights. In addition, if the breadth or strength of protection provided by our owned or licensed patents and patent applications is threatened,

it could dissuade companies from collaborating with us to license, develop or commercialize current or future drug candidates. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

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

We may in the future enter into license agreements with third parties providing us with rights to various third-party intellectual property, including rights in patents, patent applications and copyrights. These license agreements may impose diligence, development or commercialization timelines and milestone payment, royalty, insurance and other obligations on us. If we fail to comply with our obligations under future license agreements, our counterparties may have the right to terminate these agreements, in which event we might not be able to develop, manufacture or market any drug or drug candidate that is covered by the licenses provided for under these agreements or we may face claims for monetary damages or other penalties under these agreements. Such an occurrence could diminish the value of these products and our business. Termination of the licenses provided for under these agreements or reduction or elimination of our rights under these agreements may result in our having to negotiate new or reinstated agreements with less favorable terms, or cause us to lose our rights under such agreements to important intellectual property or technology or our rights to develop and commercialize our drug candidates. In addition, such an event may cause us to experience significant delays in the development and commercialization of our drug candidates or incur liability for damages. If any such license is terminated, our competitors or other third parties could have the freedom to seek regulatory approval of, and to market, products and technologies identical or competitive to ours and we may be required to cease our development and commercialization of certain of our drug candidates.

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

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

- the scope of rights granted under the license agreement and other interpretation-related issues;
- our or our licensors' obligation to obtain, maintain and defend intellectual property and to enforce intellectual property rights against third parties;
- the extent to which our technology, drug candidates and processes infringe, misappropriate or otherwise violate intellectual property of the licensor that is not subject to the license agreement;
- the sublicensing of patent and other intellectual property rights under our license agreements;
- our diligence, financial or other 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, and any such future license agreements are likely to be, 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 diligence, 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 or any other dispute described above related to our license agreements prevent or impair our ability to maintain our licensing arrangements on commercially acceptable terms, we may be unable to successfully develop and commercialize the affected drug candidates. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

We have no registered trademarks in China. If our trademarks and trade names are not adequately protected, then we may not be able to build brand recognition in our markets of interest and our business may be adversely affected.

We conduct our business under the brand name of "KeyMed", "ConMed" or "康諾亞". As of the Latest Practicable Date, we had 8 registered trademarks in China and had 29 pending trademark applications. Any of our pending trademark applications may be the subject of a governmental or third-party objection, which could prevent the registration or maintenance of

the same. We cannot assure you that any currently pending trademark applications or any trademark applications we may file in the future will be approved. During trademark registration proceedings, we may receive rejections and although we are given an opportunity to respond to those rejections, we may be unable to overcome such rejections. In addition, in proceedings before the USPTO and in proceedings before comparable agencies in many foreign jurisdictions, third parties are given an opportunity to oppose pending trademark applications and to seek to cancel registered trademarks. Opposition or cancellation proceeding may be filed against our trademarks and our trademarks may not survive such proceedings. If we are unsuccessful in obtaining trademark protection for our primary brands, we may be required to change our brand names, which could materially adversely affect our business. Moreover, as our products mature, our reliance on our trademarks to differentiate us from our competitors will increase, and as a result, if we are unable to prevent third parties from adopting, registering or using trademarks and trade dress that infringe, dilute or otherwise violate our trademark rights, or engaging in conduct that constitutes unfair competition, defamation or other violation of our rights, our business could be materially adversely affected.

Our trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. At times, competitors or other third parties may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

Intellectual property rights do not necessarily protect us from all potential threats.

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. For example:

- others may be able to make products that are similar to any drug candidates we may develop or utilize similar technology that are not covered by the claims of the patents that we own or license now or in the future;

- we, our licensors or current or future collaboration partners might not have been the first to make the inventions covered by the issued patent or pending patent application that we license or may own in the future;

- we, our licensors or current or future collaboration partners might not have been the first to file patent applications covering certain of our or their inventions;

- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing, misappropriating or otherwise violating our owned or licensed intellectual property rights;

- it is possible that our pending owned or licensed patent applications or those that we may own or license in the future will not lead to issued patents;

- issued patents that we hold rights to may not provide us with a competitive advantage, or may be held invalid or unenforceable, including as a result of legal challenges by our competitors or other third parties;

- our competitors or other third parties might conduct research and development activities in jurisdictions where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;

- we may not develop additional proprietary technologies that are patentable;

- the patents of others may harm our business; and

Should any of these events occur, they could materially adversely affect our competitive position, business, financial conditions, results of operations and prospects.

Risks Relating to the Development of Our Drug Candidates

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

The successful and timely completion of clinical trials in accordance with their protocols depends on, among other things, our ability to enroll a sufficient number of patients who remain in the trial until its conclusion. We may experience difficulties in patient enrollment in our clinical trials for a variety of reasons, including but not limited to: (i) the size and nature of the patient population; (ii) the patient eligibility criteria defined in the protocol; (iii) the size of the study population required for analysis of the trial's primary endpoints; (iv) the proximity of patients to trial sites; (v) the design of the trial; (vi) our ability to recruit clinical trial investigators with the appropriate competencies and experience; (vii) clinicians' and patients' perceptions of the potential advantages and side effects of the drug candidate being studied compared to other available therapies, including any new drugs or treatments that may be approved for the indications we are investigating; (viii) our ability to obtain and maintain patient consents; (ix) the risk that patients enrolled in clinical trials will not complete a clinical trial; and (x) the availability of approved therapies that are similar in mechanism to our drug candidates.

In addition, our clinical trials will likely compete with other clinical trials for drug candidates that are in the same therapeutic areas as our drug candidates, and this competition will reduce the number and types of patients available to us, because some patients may opt to enroll in a trial conducted by one of our competitors. As the number of qualified clinical investigators and clinical trial sites is limited, we may conduct some of our clinical trials at the same clinical trial sites that some of our competitors use, which will reduce the number of patients who are available for our clinical trials at such clinical trial sites. If we experience delays in the completion of, or even termination of, any clinical trial of our drug candidates, the requisite regulatory approvals and then commercialization of our future drug products will be similarly delayed or adversely affected. 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 materially adversely affect our ability to advance the development of our drug candidates, which in turn could materially adversely affect our business, financial condition, results of operations and prospects.

Clinical drug development involves a lengthy and expensive process with an uncertain outcome.

To obtain regulatory approval for the sale of our drug candidates, we are required to conduct extensive clinical trials to demonstrate the safety and efficacy of our drug candidates in humans. Clinical trials are expensive, difficult to design and implement, and can take years to complete, and the outcome of such clinical trials could be uncertain. Failure can occur at any time during the clinical trial process. There is no assurance that these trials or procedures will be completed in a timely or cost-effective manner or result in a commercially viable product or expanded indications.

We may experience numerous unexpected events during, or as a result of, clinical trials and pre-clinical studies that could delay or prevent our ability to receive regulatory approvals for the development and commercialization of our drug candidates, including but not limited to situations whereby:

- regulators, institutional review boards, 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;

- we might have to suspend or terminate clinical trials of our drug candidates for various reasons, including a finding of unexpected characteristics or a finding that participants are being exposed to unacceptable health risks (including deaths in the worst case scenario);

- our drug candidates may fail to show the desired safety and efficacy traits and the participants may be exposed to unacceptable health and safety risks;

- we may not be able to reach agreements on acceptable terms with prospective CROs and hospitals as trial centers, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and hospitals as trial centers;

- we may encounter various manufacturing issues, including delay in constructing our new manufacturing facilities or expanding our existing facilities, other issues or difficulties with manufacturing, supply quality, or obtaining sufficient quantities of our drug candidates or other materials for use in a clinical trial;

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

- the patient enrollment may be insufficient or slower than we anticipate or patients may drop out or fail to return for post-treatment follow-up at a higher rate than anticipated;

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

- regulators may require that we or our investigators suspend or terminate clinical research for various reasons such as non-compliance with regulatory requirements;

- the costs of clinical trials of our drug candidates may be substantially higher than anticipated; and

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

Any delays in completing our clinical trials will increase our costs, slow down our drug candidate development and approval process, and jeopardize our ability to commence product sales and generate related revenues for that drug candidate. Any of these occurrences may harm our business, financial condition and prospects significantly.

Results of earlier studies and trials may not be predictive of future trial results.

The results of pre-clinical studies and early clinical trials may not be predictive of the success of later phase clinical trials, and successful initial or interim results of a clinical trial do not necessarily predict successful final results. Our drug candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through pre-clinical studies and initial clinical trials. A number of companies in the pharmaceutical industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier trials. 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, other trial protocol elements and the rate of dropout among clinical trial participants. Our future clinical trial results may not be favorable. Even if our future clinical trial results show favorable efficacy, not all patients may benefit.

As our drug candidates are developed through pre-clinical and clinical trials towards approval and commercialization, it is customary that various aspects of the development programs, such as manufacturing and formulation, are altered along the way in an effort to optimize processes and results. Such changes carry the inherent risks that they may not necessarily achieve the intended objectives.

We may seek approval from the NMPA, FDA or other comparable regulatory authorities to use data from registrational trials via accelerated development pathways for our drug candidates. If we are not able to use such pathways, we may be required to conduct additional clinical trials beyond those that we contemplate, which would increase the expense of obtaining, and delay the receipt of, necessary marketing approvals, if we receive them at all. In addition, even if we are able to use an accelerated approval pathway, it may not lead to expedited approval of our drug candidates, or approval at all, and we will likely be required to conduct post-approval clinical outcomes trials which, if failed, may cause us to discontinue marketing of our approved drug candidates for the relevant indications.

The NMPA, the FDA and comparable regulatory authorities in other jurisdictions may allow the use of data from a registrational trial and grant accelerated approval to a drug candidate to treat a serious or life-threatening condition that provides meaningful therapeutic benefit over available therapies, upon a determination that the drug candidate has an effect on a surrogate endpoint or intermediate clinical endpoint that is reasonably likely to predict clinical benefit. For example, the FDA considers a clinical benefit to be a positive therapeutic effect that is clinically meaningful in the context of a given disease, such as irreversible morbidity or mortality. For the purposes of accelerated approval, a surrogate endpoint is a marker, such as a laboratory measurement, radiographic image, physical sign, or other measure that is thought to predict clinical benefit, but is not itself a measure of clinical benefit. An intermediate clinical endpoint is a clinical endpoint that can be measured earlier than an effect on irreversible morbidity or mortality that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit measurement of a therapeutic effect that is considered reasonably likely to predict the clinical benefit of a drug. The accelerated approval pathway may be used in cases in which the advantage of a new drug over available therapy may not be a direct therapeutic advantage, but is a clinically important improvement from a patient and public health perspective. Prior to seeking such accelerated approval, we will continue to seek feedback from the FDA and otherwise evaluate our ability to seek and receive such accelerated approval.

There can be no assurance that in the future the regulatory authorities will agree with our surrogate endpoints or intermediate clinical endpoints, or that we will decide to pursue or submit any additional NDAs for accelerated approval or any other form of expedited development, review or approval. Similarly, there can be no assurance that, after feedback from the regulatory authorities, we will continue to pursue or apply for accelerated approval or any other form of expedited development, review or approval, even if we initially decide to do so. Furthermore, for any submission of an application for accelerated approval or application under another expedited regulatory designation, there can be no assurance that such submission or application will be accepted for filing or that any expedited development, review or approval will be granted on a timely basis, or at all.

A failure to obtain accelerated approval or any other form of expedited development, review or approval for our drug candidates, or withdrawal of a drug candidate, would result in a longer time period until commercialization of such drug candidate, could increase the cost of development of such drug candidate, and could harm our competitive position in the marketplace.

In addition, even if we are able to use an accelerated approval pathway, it may not lead to expedited approval of our drug candidates, or approval at all. Furthermore, if we obtain accelerated approval of a drug candidate based on a surrogate endpoint, we will likely be required to conduct a post-approval clinical outcomes trial to confirm the clinical benefit of the drug candidate and, if the post-approval trial is not successful, we may not be able to continue marketing the drug for the relevant indication.

We may be unable to identify, discover or develop new drug candidates, or to develop additional indications for our drug candidates, to expand or maintain our product pipeline.

We cannot guarantee that we will be successful in identifying potential drug candidates. For example, although we have developed core R&D platforms including nTCE platform, innovative antibody discovery platform, bio-evaluation platform and high-throughput screening platform which we believe enables us to design, evaluate and select optimal candidates and continue to enrich our pipeline. Some drug candidates are technically challenging to develop and manufacture, such as bispecific antibodies that we are developing. We may also pursue collaboration with third parties in the discovery and development of potential drug candidates, but we cannot assure you that such collaboration will be able to deliver the intended results.

Research programs to pursue the development of our drug candidates for additional indications and to identify new drug candidates and drug targets require substantial technical, financial and human resources. Our research programs may initially show promising results in identifying potential indications and/or drug candidates, yet fail to yield results for clinical development for a number of reasons, including but not limited to the following factors, among others (a) the research methodology used may not be successful in identifying potential

indications and/or new drug candidates; and (b) it may take greater resources to identify additional therapeutic opportunities for our drug candidates or to develop suitable potential drug candidates, thereby limiting our ability to diversify and expand our drug portfolio.

Accordingly, we cannot assure you that we will be able to identify new drug candidates or develop additional indications for our drug candidates or discover, which could materially adversely affect our future growth and prospects. We may focus our efforts and resources on potential drug candidates or other potential programs that ultimately prove to be unsuccessful.

We 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.

As we have limited financial and managerial resources, we focus our product pipeline on research programs and drug candidates that we identify for specific indications. As a result, we may forgo or delay pursuit of opportunities with other drug candidates or for other indications that may later prove to have greater commercial potential or a greater likelihood of success. Our spending on current and future research and development programs and drug candidates for specific indications may not yield any commercially viable products. If we do not accurately evaluate the commercial potential or target market for a particular drug candidate, we may relinquish valuable rights to that drug candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such drug candidate, or we may allocate internal resources to a product candidate in a therapeutic area in which it would have been more advantageous to enter into a partnering arrangement.

Risks Relating to Our Reliance on Third Parties

We work with various third parties to develop our drug candidates, such as those who help us conduct our pre-clinical studies and clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected timelines, we may not be able to obtain regulatory approval for, or commercialize, our drug candidates, and our business could be materially harmed.

We have worked with and plan to continue to work with third-party CROs to monitor and manage data for our ongoing pre-clinical and clinical programs. We work with these parties to execute our pre-clinical studies and clinical trials, and control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol, legal and regulatory requirements and scientific standards, and our collaboration with the CROs does not relieve us of our regulatory responsibilities. We, our CROs for our clinical programs and our clinical investigators are required to comply with GCP, which are regulations and guidelines enforced by the NMPA, FDA, and other comparable regulatory authorities for all of our drugs in clinical development. If we or any of our CROs or clinical investigators fail to comply with applicable GCP, the clinical data generated in our clinical trials may be deemed unreliable and the NMPA, FDA,

or comparable regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. In addition, our pivotal clinical trials must be conducted with product produced under cGMP regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

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

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

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

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 regulatory authorities could place significant restrictions on our Company until deficiencies are remedied.

We depend on a stable and adequate supply of quality materials and R&D and manufacturing equipment, from our suppliers, and price increases or interruptions of such supply could have an adverse impact on our business.

Our business operations require a substantial amount of raw materials as well as equipment and other materials needed for research and development as well as manufacturing purposes. During the Track Record Period, we relied on third parties to supply certain materials. We expect to continue to rely on third parties to supply such materials and equipment for the research, development, manufacturing and commercialization of our drug candidates. See "Business – Suppliers and Raw Materials."

Currently, the materials and equipment are supplied by multiple source suppliers. We have agreements for the supply of drug materials with manufacturers or suppliers that we believe have sufficient capacity to meet our demands. In addition, we believe that adequate alternative sources for such supplies exist. However, there is a risk that, if supplies are interrupted, it would materially harm our business. Any disruption in production or the inability of our suppliers to produce adequate quantities to meet our needs could impair our operations and the research and development of our drug candidates.

Moreover, we require a stable supply of materials for our drug candidates in the course of our research and development activities, and such needs are expected to increase significantly once we enter commercial production of drugs upon receipt of marketing approval, but there is no assurance that current suppliers have the capacity to meet our demand. Any significant delay in receiving such materials in the quantity and quality that we need could delay the completion of our clinical studies, regulatory approval of our drug candidates or our ability to timely meet market demand for our commercialized products, as applicable. Our suppliers may not be able to cater to our growing demands or may reduce or cease their supply of materials to us at any time.

We are also exposed to the possibility of increased costs, which we may not be able to pass on to customers and as a result, lower our profitability. In the event of significant price increases for such materials, we cannot assure you that we will be able to raise the prices of our products and services sufficiently to cover the increased costs. As a result, any significant price increase for our needed materials may have an adverse effect on our profitability. Additionally, although we have implemented quality inspection on the materials before using them in the manufacturing process, we cannot assure you that we will be able to identify all of the quality issues.

In addition, we cannot assure you that these third parties will be able to maintain and renew all licenses, permits and approvals necessary for their operations or comply with all applicable laws and regulations. Failure to do so by them may lead to interruption in their business operations, which in turn may result in shortage of the materials and equipment supplied to us, and cause delays in clinical trials and regulatory filings, or recall of our products. The non-compliance of these third parties may also subject us to potential product

liability claims, cause us to fail to comply with the continuing regulatory requirements, and incur significant costs to rectify such incidents of non-compliance, which may have a material and adverse effect on our business, financial condition and results of operation.

Risks Relating to Extensive Government Regulations

All material aspects of the research, development, manufacturing and commercialization of our drug candidates are heavily regulated.

All jurisdictions in which we intend to develop and commercialize our drug candidates regulate these activities in great depth and detail. We intend to initially focus our activities in China while pursuing global opportunities, particularly in the U.S. The pharmaceutical industries in these jurisdictions are subject to comprehensive regulation for the development, approval, manufacturing, marketing, sales and distribution of products.

Any recently enacted and future legislations may increase the difficulty and cost of us to obtain regulatory approval of, and commercialize, our drug candidates, and affect the pricing of our drug candidates. Changes in government regulations or in practices relating to the pharmaceutical industries, such as a relaxation in regulatory requirements, or the introduction of simplified approval procedures, which would lower the entry barrier for potential competitors, or an increase in regulatory requirements, which may increase the difficulty for us to satisfy such requirements, may have a material adverse impact on our business, financial condition, results of operations, and prospects.

In many countries or regions where a drug is intended to be ultimately sold, such as the U.S. and China, the relevant government agencies and industry regulatory bodies impose high standards on the efficacy of such drug, as well as strict rules, regulations and industry standards on how we develop such drug. For example, we may need to obtain clearance from the FDA, or other regulatory authorities as part of an IND application to seek authorization to begin clinical trials, or their clinical trials are filed as part of a NDA, BLA or other filings to seek marketing approval. These regulatory authorities may conduct scheduled or unscheduled periodic inspections of our facilities to monitor our regulatory compliance. Although we passed all the inspections and obtained clearance in relation to discovery and development, if applicable, from the regulatory authorities in all material respects during the Track Record Period, we cannot assure you that we will be able to do so going forward. Any failure to comply with existing regulations and industry standards could result in fines or other punitive actions against us, and the disqualification of data for submission to regulatory authorities, each of which could have a material adverse impact on our reputation, business, financial condition, results of operations and prospects. In addition, any action against us for violation of the relevant regulations or industry standards, even if we successfully defend against it, could cause us to incur significant legal expenses, divert our management's attention from the operation of our business, and adversely affect our reputation and financial results.

In addition, failure to comply with the applicable regulatory requirements in the jurisdictions we operate or target to operate in the future at any time during the drug development process or approval process, or after approval, may subject us to administrative or judicial sanctions. These sanctions could include but are not limited to a regulator's refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, voluntary or mandatory product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties. Any occurrence of the foregoing could therefore materially adversely affect our reputation and our business, financial condition, results of operations and prospects.

The regulatory approval processes of the NMPA, FDA and other comparable regulatory authorities are lengthy, time-consuming and inherently unpredictable. If we are unable to obtain without undue delay any regulatory approval for our drug candidates in our targeted markets, our business may be substantially harmed.

Significant time, effort and expense are required to bring our drug candidates to market in compliance with the regulatory process, and we cannot assure you that any of our drug candidates will be approved for sale. The time required to obtain approvals from the NMPA, the FDA, and other comparable regulatory authorities is unpredictable but typically takes 10-15 years following the commencement of pre-clinical studies and clinical trials and depends on numerous factors, including the substantial discretion of the regulatory authorities. In addition, it is not uncommon that the NMPA, the FDA or a comparable regulatory authority may require more information, including additional analyses, reports, data, non-clinical studies and clinical trials, or questions regarding interpretations of data and results, to support approval, which may prolong, delay or prevent approval and our commercialization plans, or we may decide to abandon the development programs. We cannot assure you that we will be able to meet regulatory requirements of different jurisdictions or that our drug candidates will be approved for sale in those jurisdictions. Additional time, effort and expense may be required to bring our drug candidates, upon regulatory approval, to the international markets in compliance with different regulatory processes. Our drug candidates could fail to receive regulatory approval in a timely manner for many reasons, including but not limited to:

- failure to begin or complete clinical trials due to disagreements with regulatory authorities;
- failure to demonstrate that our drug candidate is safe and potent for its proposed indications;
- failure of clinical trial results to meet the level of statistical significance required for approval;
- data integrity issues related to our clinical trials;

- disagreement with our interpretation of data from pre-clinical studies or clinical trials;

- our failure to conduct a clinical trial in accordance with regulatory requirements or our clinical trial protocols; and

- clinical sites, investigators or other participants in our clinical trials deviating from a trial protocol, failing to conduct the trial in accordance with regulatory requirements, or dropping out of a trial.

Changes in regulatory requirements and guidance may also occur, and we may need to amend clinical trial protocols submitted to competent regulatory authorities to reflect these changes. Resubmission may impact the costs, timing or successful completion of a clinical trial. The policies of the NMPA, the FDA, and other comparable regulatory authorities may also change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our drug candidates. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any regulatory approval that we may have obtained and we may not achieve or sustain profitability.

Any delays in completing our clinical trials will slow down our drug candidate development and approval process, and jeopardize our ability to commence product sales and generate related revenues for that candidate. Many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our drug candidates.

In addition, our failure to comply with the regulatory requirements to obtain the regulatory approvals could result in governmental agencies taking actions in the relevant jurisdictions, including imposing fines and penalties on us, preventing us from manufacturing or selling our future products, upon regulatory approval, delaying the introduction of our new products into the market, recalling or seizing our future drug products, and/or withdrawing or denying approvals or clearances for our future drug products, and we could also be subject to civil liabilities for this reason. If any or all of the foregoing were to occur, we may not be able to meet the demands of hospitals and physicians which use our future drug products and they may cancel orders or purchase products from our competitors, which eventually may harm our business, financial condition and prospects significantly.

Adverse events caused by our drug candidates could interrupt, delay or halt clinical trials, delay or prevent regulatory approval, limit the commercial profile of an approved label, or result in significant negative consequences following any regulatory approval.

Undesirable adverse events caused by our drug candidates, or caused by our drug candidates when used in combination with other drugs, could potentially cause significant negative consequences, including but not limited to:

- regulatory authorities could interrupt, delay or halt pending clinical trials;

- we may suspend, delay or alter development or marketing of our drug candidates;
- regulatory authorities may order us to cease further development of, or delay or even deny approval of, our drug candidates for any or all targeted indications if results of our trials reveal a high and unacceptable severity or prevalence of certain adverse events;
- regulatory authorities may withdraw approvals or revoke licenses of an approved drug candidate, or we may determine to do so even if not required;
- regulatory authorities may require additional warnings on the label of an approved drug, issue safety alerts or other communications containing warnings or other safety information of such approved drug, or impose other limitations on such approved drug;
- we may be required to develop a risk evaluation mitigation strategy for the drug candidate, or, if one is already in place, to incorporate additional requirements under the risk evaluation mitigation strategy, or to develop a similar strategy as required by a comparable regulatory authority;
- we may be required to change the way the drug candidate is administered or conduct post-market studies;
- we could be subject to litigation proceedings and held liable for harm caused to patients exposed to or taking our drug candidates may suffer from adverse events related to the treatment and patients;
- the patient enrollment may be insufficient or slower than we anticipate or patients may drop out or fail to return for post-treatment follow-up at a higher rate than anticipated;
- the costs of clinical trials of our drug candidates may be substantially higher than anticipated;
- we could be required to recall our drug candidates and be sued 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 the particular drug candidate, and could significantly harm our business, results of operations and prospects.

We believe that our drug candidates' Category 1 designation in China should confer certain regulatory advantages on us. These advantages may not result in commercial benefits to us as we have expected, and these advantages may change in the future in a manner adverse to us.

In China, prior to seeking approval from the NMPA, a pharmaceutical company needs to determine the drug's registration category, which will determine the requirements for its clinical trial and marketing application. These categories range from Category 1, for drugs incorporating a new chemical entity that has not previously been marketed anywhere in the world, to Category 2, for drugs with new indications, dosage forms or routes of administration and the like, to Categories 3 and 4, for certain generic drugs, to Category 5, for "originator" (what would be known elsewhere as innovative) or generic drugs previously marketed abroad but not yet approved for marketing in China. Therapeutic biologics follow a similar classification system. Among our pipeline of nine IND-enabling and clinical stage drug candidates, all of our clinical-stage drug candidates are designated as Category 1 drug candidates.

The NMPA has adopted several mechanisms for expedited review and approval for drug candidates that apply to Category 1 drug candidates. While we believe that the Category 1 designation of our clinical stage drug candidates should provide us with a significant regulatory, and therefore commercial, advantage over non-Chinese companies seeking to market products in China, we cannot be sure that this will be the case. The pharmaceutical regulatory environment is evolving quickly, and changes in laws, regulations, enforcement and internal policies could result in the "favored" status of Category 1 products changing, or being eliminated altogether or our products classification in Category 1 changing. We cannot be certain that the advantages we believe will be conferred by our Category 1 classifications will be realized or result in any material development or commercial advantage.

We are subject to stringent privacy laws, information security policies and contractual obligations related to data privacy and security, and we may be exposed to risks related to our management of the medical data of subjects enrolled in our clinical trials and other personal or sensitive information.

We routinely receive, collect, generate, store, process, transmit and maintain medical data treatment records and other personal details of the subjects enrolled in our clinical trials, along with other personal or sensitive information. As such, we are subject to the relevant local, state, national and international data protection and privacy laws, directives regulations and standards that apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal data in the various jurisdictions in which we operate and conduct our clinical trials, as well as contractual obligations. These data protection and privacy law regimes continue to evolve and may result in ever-increasing public scrutiny and escalating levels of enforcement and sanctions and increased costs of compliance. Failure to comply with any of these laws could result in enforcement action against us, including fines, imprisonment of company officers and public censure, claims for damages by customers and other affected individuals, damage to our reputation and loss of goodwill, any of which could have a material adverse effect on our business, financial condition, results of operations or prospects.

Data protection and privacy laws and regulations generally require clinical trial sponsors and operators and their personnel to protect the privacy of their enrolled subjects and prohibit unauthorized disclosure of personal information. If such institutions or personnel divulge the subjects' private or medical records without their consent, they will be held liable for damage caused thereby. The personal information of patients or subjects for our clinical trials is highly sensitive and we are subject to strict requirements under the applicable privacy protect regulations in the relevant jurisdictions. Whilst we have adopted security policies and measures to protect our proprietary data and patients' privacy, privacy leakage incidents might not be avoided due to hacking activities, human error, employee misconduct or negligence or system breakdown. In addition, our clinical trials frequently also involve professionals from third-party institutions working on-site with our staff and enrolled subjects. We cannot ensure that such persons will always comply with our data privacy measures. We also cooperate with third parties including principal investigators, hospitals, CROs, and other third-party contractors and consultants for our clinical trials and operations. Any leakage or abuse of patient data by our third-party partners may be perceived by the patients as our fault, negligence or a result of our failure. Furthermore, any change in such laws and regulations could affect our ability to use medical data and subject us to liability for the use of such data for previously permitted purposes. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of information security that results in the unauthorized release or transfer of personally identifiable information or other patient data, could cause our customers to lose trust in us and could expose us to legal claims.

Regulatory authorities in China have implemented and are considering to implement a number of additional legislative and regulatory proposals concerning data protection. For example, the PRC Cyber Security Law, which became effective in June 2017, created China's first national-level information security classified protection system for "network operators", which may include all entities in China that own, manage or provide services over the internet or other information networks. Drafts of some department regulations for such protection have been published, including the Data Security Management Measures (Draft for Comments) (《數據安全管理辦法(徵求意見稿)》) published in May 2019, and Measures on Security Assessment for Cross-border Transfer of Individual Information (Draft for Comments) (《個人信息出境安全評估辦法(徵求意見稿)》) in June 2019, which may, upon issuance, require security review before transferring human health-related data out of China. In addition, certain industry-specific laws and regulations may affect the collection and transfer of personal data in China. For example, the Interim Measures for the Administration of Human Genetic Resources (《人類遺傳資源管理暫行辦法》) and its implementation guidelines jointly issued by the Ministry of Science and Technology and Ministry of Health, require approval from the Human Genetic Resources Administration of China before entering into a definitive contract for any international collaborative project where human genetic resources ("HGR") are involved, and additional approval from the same for any export or cross-border transfer of the HGR samples. Also, the Regulations on the Administration of Human Genetic Resources of the PRC (《中華人民共和國人類遺傳資源管理條例》) which became effective on July 1, 2019 further stipulates that in order to obtain marketing authorization for relevant drugs and medical devices in China, no approval is required for international clinical trial cooperation conducted

at clinical institutions using China's HGR as long as such cooperation does not involve export of China's HGR materials. However, the cooperative parties shall, before clinical trials, file the type, quantity and purpose of the HGR to be used with the administrative department of science and technology under the State Council for the record. It is possible that these laws, regulations and guidelines may be interpreted and applied in a manner that is inconsistent with our practices, which could potentially result in confiscation of our HGR samples and associated data and subject us to administrative fines, penalties and negative publicity.

In addition, there are numerous U.S. federal and state laws and regulations related to the privacy and security of personal information. In particular, regulations promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") establish privacy and security standards that limit the use and disclosure of individually identifiable health information (known as "protected health information") and require the implementation of administrative, physical and technological safeguards to protect the privacy of protected health information and ensure the confidentiality, integrity and availability of electronic protected health information. Determining whether protected health information has been handled in compliance with applicable privacy standards and our contractual obligations can require complex factual and statistical analyses and may be subject to changing interpretation. Although we take measures to protect sensitive data from unauthorized access, use or disclosure, our information technology and infrastructure may be vulnerable to attacks by hackers or viruses or breached due to employee error, malfeasance or other malicious or inadvertent disruptions. Any such breach or interruption could compromise our networks and the information stored there could be accessed by unauthorized parties, manipulated, publicly disclosed, lost or stolen. Any such access, breach or other loss of information could result in legal claims or proceedings, and liability under federal or state laws that protect the privacy of personal information, such as the HIPAA, the Health Information Technology for Economic and Clinical Health Act, and regulatory penalties. Notice of breaches must be made to affected individuals, the Secretary of the Department of Health and Human Services, and for extensive breaches, notice may need to be made to the media or State Attorneys General. Such a notice could harm our reputation and our ability to compete.

Complying with all applicable laws, regulations, standards and obligations relating to data privacy, security, and transfers may cause us to incur substantial operational costs or require us to modify our data processing practices and processes. Non-compliance could result in proceedings against us by data protection authorities, governmental entities or others, including class action privacy litigation in certain jurisdictions, which would subject us to significant fines, penalties, judgments and negative publicity. In addition, if our practices are not consistent or viewed as not consistent with legal and regulatory requirements, including changes in laws, regulations and standards or new interpretations or applications of existing laws, regulations and standards, we may become subject to audits, inquiries, whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions and reputational damage. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

Our drug candidates may face competition sooner than anticipated from biosimilar products.

Even if we are successful in achieving regulatory approval to commercialize a drug candidate faster than our competitors, our drug candidates may face competition from biosimilar products. In the United States, our drug candidates are regulated by the FDA as biologic products and we may seek approval for these drug candidates pursuant to the biologics license application ("**BLA**") pathway. The Biologics Price Competition and Innovation Act of 2009 ("**BPCIA**"), created an abbreviated pathway for the approval of biosimilar and interchangeable biologic products. The abbreviated regulatory pathway establishes legal authority for the FDA to review and approve biosimilar biologics, including the possible designation of a biosimilar as "interchangeable" based on its similarity to an existing brand product. Under the BPCIA, an application for a biosimilar drug cannot be approved by the FDA until 12 years after the original branded product was approved under a BLA. The law is complex and is still being interpreted and implemented by the FDA. As a result, its ultimate impact, implementation, and meaning are subject to uncertainty. While it is uncertain when such processes intended to implement the BPCIA may be fully adopted by the FDA, any such processes could have a material adverse effect on the future commercial prospects for our drug candidates.

There is a risk that any exclusivity we may be afforded if any of our drug candidates are approved as a biologic product under a BLA could be shortened due to congressional action or otherwise, or that the FDA will not consider our drug candidates to be reference products for competing products, potentially creating the opportunity for generic or biosimilar competition sooner than anticipated. Moreover, the extent to which a biosimilar product, once approved, will be substituted for any one of our reference products in a way that is similar to traditional generic substitution for non-biologic products is not yet clear, and will depend on a number of marketplace and regulatory factors that are still developing. In addition, a competitor could decide to forego the biosimilar approval path and submit a full BLA after completing its own preclinical studies and clinical trials. In such cases, any exclusivity to which we may be eligible under the BPCIA would not prevent the competitor from marketing its product as soon as it is approved.

In Europe, the European Commission has granted marketing authorizations for several biosimilar products pursuant to a set of general and product class-specific guidelines for biosimilar approvals issued over the past few years. In Europe, a competitor may reference data supporting approval of an innovative biological product, but will not be able to get it on the market until 10 years after the time of approval of the innovative product. This 10-year marketing exclusivity period may be extended to 11 years if, during the first eight of those 10 years, the marketing authorization holder obtains an approval for one or more new therapeutic indications that bring significant clinical benefits compared with existing therapies. In addition, companies may be developing biosimilar products in other countries that could compete with our products, if approved.

If competitors are able to obtain marketing approval for biosimilars referencing our drug candidates, if approved, such products may become subject to competition from such biosimilars, with the attendant competitive pressure and potential adverse consequences. Such competitive products may be able to immediately compete with us in each indication for which our drug candidates may have received approval. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

Even after we obtain regulatory approval for the marketing and distribution of our drug candidates, our products will continue to remain subject to ongoing or additional 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 future approved drugs.

If any of our drug candidates is approved in the future, it will be subject to ongoing or additional regulatory requirements for manufacturing, labelling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-marketing studies, and submission of safety, efficacy, and other post-market information, including requirements of regulatory authorities in China, the U.S. and other jurisdictions.

As such, we are and will be subject to continual review and inspections by the regulators for their assessment of our compliance with applicable laws and requirements and adherence to commitments we made in any application materials with NMPA, the FDA, or other comparable regulatory authorities. Drugs may be marketed only for their approved indications and for use in accordance with the provisions of the approved label. The NMPA, the FDA, and other comparable regulatory authorities actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability. The NMPA, the FDA, or a comparable regulatory authority may also require a risk evaluation mitigation strategy program as a condition of approval of our drug candidates or following approval. In addition, if the NMPA, the FDA, or a comparable regulatory authority approves our drug candidates, we will have to comply with requirements, including, for example, submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with current Good Manufacture Practices ("**cGMP**") and Good Clinical Practice ("**GCP**"), for any clinical trials that we conduct post-approval.

Accordingly, we and others we work with must continue to expand time, money and efforts in all areas of regulatory compliance, including manufacturing, production and quality control. We cannot predict the likelihood, nature or extent of governmental policies or regulations that may arise from future legislation or administrative actions in China, the U.S., the European Union or other jurisdictions, where the regulatory environment is constantly evolving. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are unable to maintain regulatory compliance, we may lose any regulatory approval that we have obtained and we may not achieve or sustain profitability.

If we are able to commercialize our drug candidates, we may face uncertainties from national, provincial or other third party drug reimbursement practices and unfavorable drug pricing policies or regulations, which could harm our business.

The regulations that govern regulatory approvals, pricing and reimbursement for new therapeutic products vary widely from jurisdiction to jurisdiction. We intend to seek approval to market our drug candidates in China, the U.S., and in other jurisdictions. In both China and the European Union, the pricing of drugs and biologics is subject to governmental control, which can take considerable time even after obtaining regulatory approval. Our ability to commercialize any approved drug candidates 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.

A primary trend in the global healthcare industry is cost containment. Government authorities and these third-party payers have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications.

In China, the National Healthcare Security Administration and the Ministry of Human Resources and Social Security, together with other government authorities, regularly review the inclusion or removal of drugs from China's National Drug Catalog for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (《國家基本醫療保險、工傷保險和生育保險藥品目錄》), or the National Reimbursement Drug List (the "**NRDL**"). The NRDL determines a pharmaceutical product's reimbursable amounts for program participants under the National Medical Insurance Program (the "**NMIP**"). Under the NMIP, patients are entitled to full or partial reimbursement of costs for pharmaceutical products listed in the NRDL. A pharmaceutical product's inclusion in or exclusion from the NRDL will significantly affect the demand for such product in China. There is no assurance that any of our future approved drug candidates will be included in the NRDL. The inclusion of pharmaceutical products by relevant authorities into the NRDL is based on a variety of factors, including efficacy, safety and price. The products included in the NRDL are typically generic and essential drugs, while innovative drugs similar to our drug candidates have historically been more limited on their inclusion therein due to the affordability of the government's Basic Medical Insurance Program. In addition, the PRC government has implemented significant reforms of the pharmaceutical industry in recent years and may enforce additional measures in the future, which may adversely affect our pricing strategy for our pharmaceutical products.

In the U.S., no uniform policy of coverage and reimbursement for drugs exists among third-party payers. As a result, obtaining coverage and reimbursement approval of a drug from a government or other third-party payer is a time-consuming and costly process that could require us to provide to each payer supporting scientific, clinical and cost-effectiveness data for the use of our future approved drugs on a payer-by-payer basis, with no assurance that coverage and adequate reimbursement will be obtained. Even if we obtain coverage for a given drug, the resulting reimbursement rates might not be adequate for us to achieve or sustain profitability or may require co-payments that patients find unacceptably high. Additionally, third-party payers may not cover, or provide adequate reimbursement for, long-term follow-up

evaluations required following the use of our future approved drug candidates. Patients are unlikely to use any of our future approved drug candidates unless coverage is provided and reimbursement is adequate to cover a significant portion of the cost of the drugs. Because some of our drug candidates may have a higher cost of goods than conventional therapies, and may require long-term follow-up evaluations, the risk that coverage and reimbursement rates may be inadequate for us to achieve profitability may be greater.

Increasingly, third-party payers 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 approved drug candidates 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 approved drug candidates that we commercialize. Obtaining or maintaining reimbursement for our future approved drug candidates 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 candidates 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 FDA, the EMA 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 payers 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 U.S. Our inability to promptly obtain coverage and profitable payment rates from both government- funded and private payers 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.

We may be directly or indirectly subject to applicable anti-kickback, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in China and other jurisdictions, which could, in the event of noncompliance, expose us to administrative sanctions, criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.

Healthcare providers, physicians and other related personnel play a primary role in the recommendation and prescription of any products for which we have obtained regulatory approval. If we obtain approval from the NMPA, the FDA, the EMA, or other comparable regulatory authorities for any of our drug candidates and begin commercializing those drugs in

China, the U.S., the European Union or other target markets, our operations may be subject to various fraud and abuse laws in China and the U.S., including, without limitation, the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》), PRC Criminal Law (《中華人民共和國刑法》), the Federal Anti-Kickback Statute and the Federal False Claims Act, and the Physician Payments Sunshine Act. These laws may impact, among other things, our proposed sales, marketing and education programs.

In addition, we are subject to similar healthcare laws in other jurisdictions, some of which may be broader in scope than others and may apply to healthcare services reimbursed by any source, which may include not only governmental payers, but also private insurers. There are ambiguities as to what is required to comply with any of these requirements, and if we fail to comply with any such requirement, we could be subject to penalties.

Violations of fraud and abuse laws may be punishable by criminal and/or civil sanctions, including penalties, fines and/or exclusion or suspension from federal and state healthcare programs such as Medicare and Medicaid and debarment from contracting with the U.S. government. In addition, private individuals have the ability to bring actions on behalf of the U.S. government under the Federal False Claims Act as well as under the false claims laws of several states.

Efforts to ensure that our business arrangements with third parties comply with applicable healthcare laws and regulations will involve substantial costs. Government authorities could conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If any such actions are instituted against us, and if we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in governmental healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and have a significant impact on our businesses and results of operations.

If any of the physicians or other providers or entities with whom we expect to do business are found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government-funded healthcare programs, which may also adversely affect our business.

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

The U.S. government has recently made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies, including imposing several rounds of tariffs affecting certain products manufactured in China. In March 2018, the former U.S. President Donald J. Trump announced the imposition of tariffs on steel and aluminum entering the U.S. and in June 2018 announced further tariffs targeting goods imported from

China. Recently both China and the U.S. have each imposed tariffs indicating the potential for further trade barriers. Currently, it remains unclear what actions, if any, the U.S. government will take with respect to other existing international trade agreements. It is also unknown whether and to what extent new tariffs (or other new laws or regulations) will be adopted, or the effect that any such actions would have on us or our industry. While we have not started commercialization of any of our drug candidates, any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the demand for our future drug products, the competitive position of our future 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 future drug products in certain countries. If any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the U.S. government takes retaliatory trade actions due to the recent U.S.-China trade tension, such changes could have an adverse effect on our business, financial condition and results of operations.

Risks Relating to Manufacturing of Our Drug Candidates

We have limited experience in manufacturing therapeutic biologic products on a large commercial scale, which is a highly exacting and complex process, and our business could be materially and adversely affected if we encounter problems in manufacturing our future drug products.

We have limited experience in large-scale manufacturing of our products for commercial use. Moreover, the manufacturing of therapeutic biologics products is highly complex. Problems may arise during manufacturing for a variety of reasons, including but not limited to:

- equipment malfunction;
- failure to follow specific protocols and procedures;
- changes in product specification;
- low quality or insufficient supply of raw materials;
- delays in the construction of new facilities or the expansion of our existing manufacturing facilities as a result of changes in manufacturing production sites and limits to manufacturing capacity due to regulatory requirements;
- advances in manufacturing techniques;
- physical limitations that could inhibit continuous supply; and
- man-made or natural disasters and other environmental factors.

Products with quality issues may have to be discarded, resulting in product shortages or additional expenses. This could lead to, among other things, increased costs, lost revenue, damage to customer relationships, time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other batches or products. If problems are not discovered before the product is released to the market, recall and product liability costs may also be incurred.

Manufacturing methods and formulation are sometimes altered through the development of drug candidates from clinical trials to approval, and further to commercialization, in an effort to optimize manufacturing processes and results. Such changes carry the risk that they will not achieve these intended objectives. Any of these changes could cause the drug candidates to perform differently and affect the results of planned clinical trials or other future clinical trials conducted with the altered materials. This could delay the commercialization of drug candidates and require bridging studies or the repetition of one or more clinical trials, which may result in increases in clinical trial costs, delays in drug approvals and jeopardize our ability to commence product sales and generate revenue.

We may also encounter problems with achieving adequate or clinical-grade products that meet NMPA, FDA, or other comparable regulatory agency standards or specifications, maintaining consistent and acceptable production costs, and experience shortages of qualified personnel, raw materials or key contractors, and experience unexpected damage to our facilities or the equipment in them. In these cases, we may be required to delay or suspend our manufacturing activities. We may be unable to secure temporary, alternative manufacturers for our drugs with the terms, quality and costs acceptable to us, or at all. Such an event could delay our clinical trials and/or the availability of our products for commercial sale. Moreover, we may spend significant time and costs to remedy these deficiencies before we can continue production at our manufacturing facilities.

In addition, the quality of our products, including drug candidates manufactured by us for research and development purposes and drugs manufactured by us for commercial use, depends significantly on the effectiveness of our quality control and quality assurance, which in turn depends on factors such as the production processes used in our manufacturing facilities, the quality and reliability of equipment used, the quality of our staff and related training programs and our ability to ensure that our employees adhere to our quality control and quality assurance protocol. However, we cannot assure you that our quality control and quality assurance procedures will be effective in consistently preventing and resolving deviations from our quality standards. We are, however, working on improving our documentation procedures for quality control and quality assurance activities. Any significant failure or deterioration of our quality control and quality assurance protocol could render our products unsuitable for use, jeopardize any cGMP certifications we may have and/or harm our market reputation and relationship with business partners. Any such developments may have a material adverse effect on our business, financial condition and results of operations.

Any delays in completing and receiving regulatory approvals for our manufacturing facilities, or any disruption of our current facilities or in the development of new facilities, could reduce or restrict our production capacity or our ability to develop or sell products, which could have a material and adverse effect on our business, financial condition and results of operations.

We currently manufacture our existing drug candidates for research and development purposes in Chengdu, China.

With the support of the Chengdu government, we are building a new manufacturing facility. The first phase of this commercial-scale facility is designated to install three production lines with eight 2,000 L bioreactors, and is expected to provide an additional 16,000 L of manufacturing capacity. We cooperate with a third party to construct the new manufacturing facility. The collaborator will be responsible for the construction of the buildings, and we will lease such buildings from our collaborator and ultimately repurchase those buildings within five years from the start date of the construction. For more details, please refer to the paragraphs headed "Business — Our Platform — CMC and Manufacturing" in this prospectus. We cannot assure you that we will not experience any disruptions to the third party's performance of its obligations, and there could be delays in completing and receiving regulatory approvals for our new manufacturing facility. We may also encounter construction cost overruns. If the constructions of our manufacturing facility or our production lines encounter unanticipated delays or incur additional expenses than expected, our manufacturing capacity of our drug candidates may be limited, which would delay or limit our development and commercialization activities and our opportunities for growth.

Our manufacturing facilities are required to obtain and maintain regulatory approvals, including being subject to ongoing, periodic inspection by the NMPA, FDA, or other comparable regulatory authorities to ensure compliance with cGMP regulations. Further, we will be subject to continual review and inspections to assess compliance with cGMP and adherence to commitments made in any NDA, other marketing application, and previous responses to any inspection observations. Accordingly, we and others with whom we work must continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production and quality control. We cannot guarantee that we will be able to adequately follow and document our adherence to such cGMP regulations or other regulatory requirements. Furthermore, if the interpretation or implementation of existing laws and regulations changes or new regulations come into effect, we may be required to obtain additional approvals, permits, licenses or certificates and we cannot assure you that we will be able to do so. Our failure to follow and document our adherence to such cGMP regulations or other regulatory requirements may lead to significant delays in the availability of products for clinical or, in the future, commercial use, may result in the termination of or a hold on a clinical trial, or may delay or prevent filing or approval of marketing applications for our drug candidates or their commercialization, if approved. Failure to comply with applicable regulations could also result in sanctions being imposed on us, including fines, injunctions, civil penalties, a requirement to suspend or put on hold one or more of our clinical trials, failure

of regulatory authorities to grant marketing approval of our drug candidates, delays, suspension or withdrawal of approvals, supply disruptions, license revocation, seizures or recalls of our drug candidates, operating restrictions and criminal prosecutions, any of which could harm our business.

In addition, to obtain FDA approval for our products in the U.S., we would need to undergo strict pre-approval inspections of our manufacturing facilities. Historically, manufacturing facilities in China have had difficulty meeting FDA standards. When inspecting our manufacturing facilities, the FDA may cite cGMP deficiencies. Remediating deficiencies can be laborious, time consuming and costly. Moreover, the FDA will generally re-inspect the facility to determine whether the deficiency was remediated to its satisfaction, and may note further deficiencies during re-inspection.

Any interruption in manufacturing operations at our facilities could result in our inability to satisfy the demands of our clinical trials or commercialization. A number of factors could cause interruptions, including equipment malfunctions or failures, technology malfunctions, work stoppages, damage to or destruction of either facility due to natural disasters or other unanticipated catastrophic events, water shortages or fire, regional power shortages, product tampering or terrorist activities. Any disruption that impedes our ability to manufacture our drug candidates in a timely manner could materially harm our business, financial condition and results of operation.

If our manufacturing facilities or the equipment in them is damaged or destroyed, we may not be able to quickly or inexpensively replace our manufacturing capacity or replace it at all. In the event of a temporary or protracted loss of the facilities or equipment, we might not be able to transfer manufacturing to a third party. Even if we could transfer manufacturing to a third party, the shift would likely be expensive and time-consuming, particularly since the new facility would need to comply with the necessary regulatory requirements and we would need regulatory agency approval before selling any of our future approved drug candidates manufactured at that facility. Such an event could delay our clinical trials or reduce our product sales if and when we are able to successfully commercialize one or more of our drug candidates. Any interruption in manufacturing operations at our manufacturing facilities could result in our inability to satisfy the demands of our clinical trials or commercialization. Any disruption that impedes our ability to manufacture our drug candidates in a timely manner could materially adversely affect our business, financial condition, results of operations and prospects.

We maintain insurance policies that we consider to be in line with market practice and adequate for our business. Our principal insurance policies cover property loss due to accidents or natural disasters. However, our insurance coverage may not reimburse us, or may not be sufficient to reimburse us, for any expenses or losses we may suffer.

If we are unable to meet the increasing demand for our existing drug candidates and future drug products by ensuring that we have adequate manufacturing capacity, or if we are unable to successfully manage our anticipated growth or to precisely anticipate market demand, we may not be able to fully utilize our manufacturing capabilities.

Manufacturers of drug and biological products often encounter difficulties in production, particularly in scaling up or out, validating the production process, and assuring high reliability of the manufacturing process (including the absence of contamination). These problems include logistics and shipping, difficulties with production costs and yields, quality control, including stability of the product, product testing, operator error, availability of qualified personnel and compliance with strictly-enforced regulations. If our manufacturing facilities encounter unanticipated delays and expenses as a result of any of these difficulties, or if construction, regulatory evaluation and/or approval of our new facilities is delayed, we may not be able to manufacture sufficient quantities of our drug candidates, which would limit our development and commercialization activities and our opportunities for growth. Cost overruns associated with constructing or maintaining our facilities could also require us to raise additional funds from other sources.

To produce our drug candidates in the quantities that we believe will be required to meet anticipated market demand of our drug candidates, if approved, we will need to increase, or "scale up," the production process by a significant factor over the initial level of production. If we are unable to do so, are delayed, the cost of this scale up is not economically feasible for us or we cannot find a third-party supplier, we may not be able to produce our approved drug candidates in a sufficient quantity to meet future demand.

In anticipation of commercialization of our drug candidates, we aim to significantly expand our manufacturing capacity, mainly through the construction of new manufacturing facilities. However, the timing and success of these plans are subject to significant uncertainty. Moreover, such plans are capital intensive and require significant upfront investment, and there can be no assurance that we will be able to timely obtain such financing, if at all.

Furthermore, given the size of our new facilities, we may not be able to fully utilize them immediately or within a reasonable period of time after we commence operation. During the construction and ramp up period, there may be significant changes in the macroeconomics of the pharmaceutical industry, including, among other things, market demand, product and supply pricing trends and customer preferences. Any adverse trends in these respects could result in operational inefficiency and unused capacity in our facilities.

The success of our business expansion also depends on our ability to advance drug candidates through the development, regulatory approval and commercialization stages. Any delay, suspension or termination in such respects would harm our ability to generate satisfactory returns on our investment in manufacturing expansion, if at all, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to Commercialization of Our Products

Our drug candidates, once approved, may fail to achieve the degree of market acceptance by physicians, patients, third-party payers and others in the medical community that would be necessary for their commercial success.

Our drug candidates, once approved, may fail to gain sufficient market acceptance by physicians, patients, third-party payers and others in the medical community. In addition, physicians, patients and third-party payers may prefer other products to ours. If our drug candidates do not achieve an adequate level of acceptance, we may not generate significant product sales revenues and we may not become profitable. The degree of market acceptance of our drug candidates, if 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, medical treatment centers and patients considering our drug; efficacy and safety of our drug candidates;
- the potential and perceived advantages of our drug candidates over alternative treatments;
- the prevalence and severity of any side effects;
- product labelling or product insert requirements of regulatory authorities;
- limitations or warnings contained in the labelling approved by regulatory authorities;
- the timing of market introduction of our drug candidates as well as competitive drugs;
- the cost of treatment in relation to alternative treatments;
- the availability of adequate coverage, reimbursement and pricing by third-party payers and government authorities;
- the willingness of patients to pay out-of-pocket in the absence of coverage and reimbursement by third-party payers and government authorities; and
- the effectiveness of our sales and marketing efforts.

If any approved drug candidates that we commercialize fail to achieve market acceptance among physicians, patients, hospitals, medical treatment centers or others in the medical community, we will not be able to generate significant revenue. Even if our future approved drug candidates achieve market acceptance, we may not be able to maintain such market acceptance over time if new products or technologies are introduced that are more favorably received than our drug candidates, are more cost-effective or render our drug candidates obsolete. Our failure to achieve or maintain market acceptance for our future approved drug candidates would materially adversely affect our business, financial condition, results of operations and prospects.

OTHER RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We had net liabilities and net cash outflows in operating activities during the Track Record Period.

We had net liabilities of RMB276.0 million and RMB1,094.8 million as of December 31, 2019 and December 31, 2020 mainly attributable of our convertible redeemable preferred shares of RMB733.3 million and RMB1,385.8 million as of December 31, 2019 and December 31, 2020, respectively. We expect to reverse our net liabilities position following the completion of the Global Offering, since our preferred shares will convert to ordinary shares and will no longer be recorded as liabilities. Our primary uses of cash are to fund the pre-clinical and clinical development of our drug candidates, our payment for the purchase of property, plant and equipment, administrative expenses and other recurring expenses. We had net cash flows used in operating activities of RMB68.4 million and RMB119.4 million in 2019 and 2020, respectively. During the Track Record Period and up to the Latest Practicable Date, we have primarily funded our working capital requirements through proceeds from private equity financing. However, if we are unable maintain adequate working capital or obtain sufficient equity or debt financings to meet our capital needs, we may be unable to continue our operations according to our plans, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Fair value changes on our convertible redeemable preferred shares and related valuation uncertainty had materially affected, and may continue to materially affect, our financial condition and results of operations until the Listing.

Our convertible redeemable preferred shares were not traded in an active market during the Track Record Period and their fair value was determined by using valuation techniques. The discounted cash flow method and back-solve method were used to determine the underlying share value and the equity allocation model was adopted to determine the fair value of the convertible redeemable preferred shares as of each date of issuance and as of December 31, 2019 and 2020. Key valuation assumptions used to determine the fair value of the convertible redeemable preferred shares included discount rate, risk-free interest rate, volatility, discount for lack of marketability and the probability for a qualified initial public offering. For more details, please refer to the paragraphs headed "Financial Information – Description of Selected

Components of Statements of Profit or Loss and Other Comprehensive Income – Fair Value Losses on Convertible Redeemable Preferred Shares" and Note 24 of the Appendix I to this prospectus for more details for valuation techniques. Any change in the assumptions may lead to different valuation results and, in turn, changes in the fair value of our convertible redeemable preferred shares. To the extent we need to revalue the convertible redeemable preferred shares prior to the closing of the Global Offering, any change in fair value and related valuation uncertainty could materially affect our financial position and performance. As of December 31, 2019 and 2020, we recorded convertible redeemable preferred shares as our non-current liabilities of RMB733.3 million and RMB1,385.8 million, respectively. We also recorded fair value losses on convertible redeemable preferred shares of RMB97.2 million and RMB696.5 million in 2019 and 2020, respectively. We may continue to recognize significant additional losses on the fair value changes of the convertible redeemable preferred shares until the Listing Date because of the increase in the fair value of such financial instruments during such period. We expect to reverse our net liabilities position following the completion of the Global Offering, since our preferred shares will convert to ordinary shares and will no longer be recorded as liabilities.

We are exposed to risks in connection with the wealth management products we purchased.

As part of our treasury management, we invest in certain wealth management products to better utilize excess cash when our cash sufficiently covers our ordinary course of business. We recorded investment income on wealth management products, with their ending balance amounted to RMB66.3 million and RMB10.4 million as of December 31, 2019 and 2020, respectively. Pursuant to the Guidance on Regulating Financial Institution's Asset Management Business (《關於規範金融機構資產管理業務的指導意見》) promulgated by the People's Bank of China, the China Banking and Insurance Regulatory Commission, the China Security Regulatory Commission and the State Administration of Foreign Exchange on April 27, 2018, financial institutions selling wealth management products shall not guarantee the principals and/or returns of such products. As a result, the returns of our investments on the wealth management products were not guaranteed. We measured these financial assets at fair value through profit or loss, and we are exposed to credit risks in relation to these financial assets, which may adversely affect their fair value. Net changes in their fair value are recorded in profit or loss, and therefore directly affect our results of operations. We have implemented a series of internal control policies and rules setting forth overall principles as well as detailed approval process of our investment activities. We adopt a prudent approach in selecting wealth management products. We may continue to invest in wealth management products in the future when we believe that we have surplus cash on-hand and the potential investment returns are attractive. For more details, please refer to the paragraphs headed "Financial Information – Discussion of Certain Selected Items from The Consolidated Statements of Financial Position – Other Investments Classified as Financial Assets at FVTPL" in this prospectus. However, there can be no assurance that our internal management and investment strategy will be effective and adequate with respect to our purchased wealth management products. We cannot

guarantee that we will not experience losses with respect to such investments in the future or that such losses or other potentially negative consequences due to such investments will not have material adverse effects on our business, results of operations and prospects.

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

We are a development-stage biopharmaceutical company founded in 2016. Our operations to date have focused on raising capital, establishing our intellectual property portfolio, drug discovery and conducting pre-clinical studies and clinical trials of our drug candidates. As of the Latest Practicable Date, we had no products approved for commercial sale and did not generate any revenue from product sales. We also have limited experience in commercial-scale manufacturing and sales and marketing of drugs. For these reasons, particularly in light of the rapidly evolving biopharmaceutical industry, it may make it difficult to evaluate our current business and reliably predict our future performance. We may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. If we do not address these risks and difficulties successfully, our business will suffer.

Fluctuations in exchange rates of the Renminbi could result in foreign currency exchange losses.

The change in the value of RMB against the Hong Kong dollar, U.S. dollars and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange policies. While we primarily operate in China, our proceeds from the Global Offering will be denominated in Hong Kong dollars. Any significant change in the exchange rates of the Hong Kong dollar against RMB may materially and adversely affect the value of and any dividends payable on, our Shares in Hong Kong dollars. Furthermore, we had cash and bank balances as well as time deposits dominated in U.S. dollars of RMB301.4 million and RMB318.1 million as of December 31, 2019 and 2020, respectively. Although we recorded net gain on exchange differences of RMB1.0 million and RMB21.8 million in 2019 and 2020, respectively, we cannot assure you that we will not record net loss on exchange differences in the future.

OTHER RISKS RELATING TO OUR OPERATIONS

We operate in a competitive industry and may fail to compete effectively.

The pharmaceutical industry in which we operate is highly competitive and rapidly changing. Large multinational pharmaceutical companies, established biopharmaceutical companies, specialty pharmaceutical companies, universities and other research institutions have commercialized or are commercializing or pursuing the development of drugs for the treatment of autoimmune diseases, cancer or other indications for which we are developing our drug candidates.

Many of our competitors have substantially more developed commercial infrastructure, greater financial, technical and human resources as well as more drug candidates in late-stage clinical development than we do. Even if successfully developed and subsequently approved by the NMPA, FDA, EMA or other comparable regulatory authorities, our drug candidates will still face competition based on safety and efficacy, the timing and scope of the regulatory approvals, the availability and cost of supply, sales and marketing capabilities, price, patent position and other factors. Our competitors may succeed in developing competing drugs and obtaining regulatory approvals before us or gain better acceptance for the same target markets as ours, which will undermine our competitive position. In addition, any new product that competes with an approved product must demonstrate compelling advantages in efficacy, convenience, tolerability and/or safety in order to overcome price competition and to be commercially successful. Disruptive technologies and medical breakthroughs may further intensify the competition and render our drug candidates obsolete or non-competitive. Any of the foregoing could materially adversely affect our business, financial condition, results of operations and prospects.

Any failure to obtain or renew certain approvals, licenses, permits and certificates required for our business may materially and adversely affect our business, financial condition and results of operations.

Pursuant to relevant laws and regulations, we are required to obtain, maintain and renew various approvals, licenses, permits and certificates from relevant authorities to operate our business. Some of these approvals, permits, licenses and certificates are subject to periodic renewal and/or reassessment by the relevant authorities, and the standards of such renewal and/or reassessment may change from time to time. Any failure to obtain or renew any approvals, licenses, permits and certificates necessary for our operations may result in enforcement actions thereunder, including orders issued by the relevant regulatory authorities to take remedial actions, suspend our operations or bear fines and penalties which could materially and adversely affect our business, financial condition and results of operations. Furthermore, if the interpretation or implementation of existing laws and regulations changes or new regulations come into effect, we may be required to obtain any additional approvals, permits, licenses or certificates and we cannot assure you that we will be able to do so. Our failure to obtain the additional approvals, permits, licenses or certificates may restrict the conduct of our business, increase our costs, and in turn, adversely affect results of operations and prospects.

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

Our operations, and those of our third-party research institution collaborators, suppliers and other contractors and consultants, could be subject to natural or man-made disasters or business interruptions. In addition, we rely on our third-party research institution collaborators for conducting research and development of our drug candidates, and they may be affected by government shutdowns or funding withdrawals. The occurrence of any of these business disruptions could seriously harm our operations and financial condition and could increase our

costs and expenses. Damage or extended periods of interruption to our corporate, development, research or manufacturing facilities due to fire, natural disaster, power loss, communications failure, unauthorized entry or other events could cause us to cease or delay development or commercialization of some or all of our drug candidates. Although we maintain property damage insurance coverage on these facilities, our insurance might not cover all losses under such circumstances and our business may be seriously harmed by such delays and interruption.

The loss of any key members of our senior management team or our inability to attract and retain highly skilled scientists, clinical and sales personnel could adversely affect our business.

Our success depends in part on our continued ability to attract, retain and motivate highly qualified management, clinical and scientific personnel. We are highly dependent upon our senior management, as well as other key clinical and scientific personnel, and other employees and consultants. The loss of services of any of these individuals or one or more of our senior management could delay or prevent the successful development of our drug candidates.

Although we have not historically experienced unique difficulties attracting and retaining qualified employees, we could experience such problems in the future. Competition for qualified employees in the pharmaceutical industry is intense and the pool of qualified candidates is limited. We may not be able to retain the services of, or attract and retain experienced senior management or key clinical, scientific and sales personnel in the future. The departure of one or more of our senior management or key clinical, scientific and sales personnel, regardless of whether or not they join a competitor or form a competing company, may subject us to risks relating to replacing them in a timely manner or at all, which may disrupt our drug development progress and have a material and adverse effect on our business and results of operations. In addition, we will need to hire additional employees as we build and expand our commercialization team. We may not be able to attract and retain qualified employees on acceptable terms.

We may become involved in lawsuits or other legal proceedings, which could adversely affect our business, financial conditions, results of operations and reputation.

From time to time, we may be involved in lawsuits claims, administrative proceedings or other legal proceedings arising in the ordinary course of business or pursuant to governmental or regulatory enforcement activity. 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. Litigation and governmental proceedings can be expensive, lengthy and disruptive to normal business operations, and can require extensive management attention and resources, regardless of their merit. If we cannot successfully defend ourselves against or obtain indemnification from our collaboration partners for product liability claims, we may incur substantial liabilities or be required to limit commercialization of our drug candidates. Even a 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 an 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 or withdrawals, labeling restrictions, 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. Furthermore, any litigations, legal disputes, claims or administrative proceedings which are initially not of material importance may escalate and become important to us due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake, and the parties involved.

Additionally, 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 materially adversely affect our business, financial condition, results of operations and prospects.

Our employees, principal investigators, consultants and commercial partners may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements, and insider trading.

We may be exposed to fraud, bribery or other misconduct committed by our employees, principal investigators, consultants and commercial partners that could subject us to financial losses and sanctions imposed by government authorities, which may adversely affect our reputation. We could be liable for actions taken by them that violate anti-bribery, anti-corruption and other related laws and regulations in China, the U.S. or other jurisdictions. The government authorities may seize the products involved in any illegal or improper conduct engaged in by our employees or commercial partners. We may be subject to claims, fines or suspension of our operations. Our reputation, our sales activities or the price of our Shares could be adversely affected if we are associated with any negative publicity as a result of illegal or improper actions, or allegations of illegal or improper actions, taken by our employees or commercial partners.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any instances of fraud, bribery, or other misconduct involving employees and other third parties that had any material and adverse impact on our business and results of operations. However, we cannot assure you that there will not be any such instances in future. Although we consider our internal control policies and procedures to be adequate, we may be unable to prevent, detect or deter all such instances of misconduct. Any such misconduct committed against our interests, which may include past acts that have gone undetected or future acts, may have a material adverse effect on our business and results of operations.

We are subject to the risks of doing business globally.

Our business is subject to risks associated with doing business globally. Accordingly, our business and financial results in the future could be adversely affected due to a variety of factors, including:

- changes in a specific country's or region's political and cultural climate or economic condition;
- unexpected changes in laws and regulatory requirements in local jurisdictions;
- differences between national and local practice with respect to laws and regulatory requirements in a specific jurisdiction;
- difficulty of effective enforcement of contractual provisions in certain jurisdictions;
- concerns of local governments and regulators on our research and trial sites and on the relevant management arrangements;
- efforts to develop an international sales, marketing and distribution organization may increase our expenses, divert our management's attention from the acquisition or development of drug candidates or cause us to forgo profitable licensing opportunities in these geographies;
- the occurrence of economic weakness, including inflation or political instability;
- the burden of complying with a variety of foreign laws including difficulties in effective enforcement of contractual provisions in local jurisdictions;
- inadequate intellectual property protection in certain jurisdictions;
- enforcement of anti-corruption and anti-bribery laws;
- trade-protection measures, import or export licensing requirements and fines, penalties or suspension or revocation of export privileges;
- delays resulting from difficulty in obtaining export licenses, tariffs and other barriers and restrictions, potentially longer payment cycles, greater difficulty in accounts receivable collection and potentially adverse tax treatment;
- the effects of applicable local tax regimes and potentially adverse tax consequences; and
- significant adverse changes in local currency exchange rates.

In addition, we are subject to general geopolitical risks in foreign countries where we operate, such as political and economic instability and changes in diplomatic and trade relationships, which could cause our results to fluctuate and our revenue to decline. The occurrence of any one or more of these risks of doing business internationally, individually or in the aggregate, could materially adversely affect our business and results of operations.

If we fail to comply with 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 the anti-bribery laws of various jurisdictions, particularly in China and the U.S. As our business has expanded, the applicability of the applicable anti-bribery laws to our operations will increase. Our procedures and controls to monitor anti-bribery compliance may fail to protect us from reckless or criminal acts committed by our employees or agents. If we, due to either our own deliberate or inadvertent acts or those of others, fail to comply with applicable anti-bribery laws, such as the FCPA, or if any of the physicians or other providers or entities we do business with are found to be not in compliance with applicable laws, our reputation could be harmed and we could incur criminal or civil penalties, other sanctions and/or significant expenses, which could have a material adverse effect on our business, including our financial condition, results of operations, cash flows and prospects.

Product and professional liability claims or lawsuits against us could result in expensive and time-consuming litigation, payment of substantial damages and increases in our insurance rates.

We face an inherent risk of product and professional 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 labelling, 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.

If we use hazardous materials in a manner that causes injury, we could be liable for damages.

We are subject to laws and regulations governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials. Our operation involves the use of hazardous materials, including chemicals, and may produce hazardous waste products. We cannot eliminate the risks of contamination or personal injury from these materials.

We do not maintain insurance for environmental liability claims that may be asserted against us in connection with our storage or disposal of hazardous materials. In the event of contamination or personal injury resulting from our use of hazardous materials or our or third parties' disposal of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties.

We may incur substantial costs in order to comply with current or future laws and regulations on use of hazardous materials. These current or future laws and regulations may impair our research, development or production activities. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

Our internal information technology and other infrastructure, or those used by our CROs or other contractors or consultants, may fail or suffer security breaches.

Despite the implementation of security measures, our information technology systems and those of our current or future CROs, consultants and other service providers are vulnerable to damage from cyber-attacks, computer viruses, malicious codes, unauthorized access, employee theft or misuse, natural disasters, fire, power loss, terrorism, war, and telecommunication and electrical failures, among other things. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our research and development programs. For example, our data may not be backed up in a timely manner and the loss of clinical trial data from ongoing or future clinical trials for any of our drug candidates could result in delays in regulatory approval efforts and significantly increase costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in a loss of or damage to data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the further development of our drug candidates could be delayed. In addition, a security breach may result in the loss of, damage to, or public disclosure of personally identifiable information, and such an event could have serious negative consequences, including disputes, regulatory action, investigation, litigation, fines, penalties and damages, and time-consuming and expensive litigation, any of which could have a material adverse effect on our business, financial condition, results of operations, or prospects.

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

We could be subject to risks caused by misappropriation, misuse, leakage, falsification, system malfunction or intentional or accidental release or loss of information maintained in the information systems and networks of our Company and our vendors, including but not limited to personal information of our employees and patients, and company, vendor and the other users of our vendors' confidential data. In addition, outside parties may attempt to penetrate our systems or those of our vendors or fraudulently induce our personnel or the personnel of our vendors to disclose sensitive information in order to gain access to our data or systems. The risk of a security breach or disruption, particularly through cyber-attacks or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. We may not be able to anticipate all types of security threats, nor may we be able to implement preventive measures effective against all such security threats. The techniques used by cyber criminals change frequently, may not be recognized until launched and can originate from a wide variety of sources, including outside groups such as external service providers, organized crime affiliates, terrorist organizations or hostile foreign governments or agencies. We cannot assure you that our data protection efforts and our investment in information technology will prevent significant breakdowns, data leakages, breaches in our systems or those of our third-party vendors and other contractors and consultants, or other cyber incidents that could have a material adverse effect upon our reputation, business, results of operations, financial condition or prospects. If we experienced any such material system failure or security breach and interruptions in our operations, it could result in a material disruption of our development programs and our business operations, a breach of sensitive personal information or a loss or corruption of critical data assets including trade secrets or other proprietary information. 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.

Like other companies, we have on occasion experienced, and will continue to experience, threats to our data and systems, including malicious codes and viruses, phishing and other cyber-attacks. If a material breach of our information technology systems or those of our vendors occurs, the market perception of the effectiveness of our security measures could be harmed and our reputation and credibility could be damaged. We could be required to expend significant amounts of money and other resources to repair or replace information systems or networks. In addition, we could be subject to regulatory actions or claims made by individuals and groups in private litigation involving privacy issues related to data collection and use practices and other data privacy laws and regulations, including claims for misuse or inappropriate disclosure of data, as well as unfair or deceptive practices. Moreover, despite our efforts, the possibility of these events occurring cannot be eliminated entirely. As we engage in more electronic transactions with payers and patients and collect and store an increasing volume of data, the related security risks will increase and we will need to expend additional resources to protect our technology and information systems.

We may not have adequate insurance coverage to compensate for any losses associated with a system failure, any breach of our computer systems or other cybersecurity attack or any violation of any privacy laws or other obligations. Any breach or failure of our or our vendors' computer systems, information technology and other infrastructure could materially adversely affect our business, financial condition, results of operations and prospects.

If we engage in acquisitions or strategic partnerships, this may increase our capital requirements, cause dilution to our shareholders, cause us to incur debt or assume contingent liabilities and subject us to other risks.

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

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

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

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

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.

PRC regulations and rules concerning mergers and acquisitions, including the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "M&A Rules") and other recently adopted regulations and rules with respect to mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. For example, the M&A Rules require that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. Moreover, according to the Anti-Monopoly Law of PRC (《反壟斷法》) and the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings (《關於經營者集中申報標準的規定》), or the "Prior Notification Rules" issued by the State Council, the concentration of business undertakings by way of mergers, acquisitions or contractual arrangements that allow one market player to take control of or to exert decisive impact on another market player must also be notified in advance to the MOFCOM when the threshold is crossed and such concentration shall not be implemented without the clearance of prior notification. In addition, the Regulations on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprise by Foreign Investors (《實施外國投資者併購境內企業安全審查制度的規定》) (the "Security Review Rules") issued by the MOFCOM specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns, and mergers and acquisitions through which foreign investors may acquire the de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review by structuring the transaction through, among other things, trusts, entrustment or contractual control arrangements. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval and filing processes, including obtaining approval or filings from the MOFCOM or its local counterparts, may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises "national defense and security" or "national security" concerns. However, the MOFCOM or other

government agencies may publish explanations in the future determining that our business is in an industry subject to security review, in which case our future acquisitions in China, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could materially adversely affect the success of our business.

We are subject to numerous environmental, health and safety laws and regulations, including but not limited to the treatment and discharge of pollutants into the environment and the use of toxic and hazardous chemicals in the process of our business operations. In addition, our construction projects can only be put into operation after the relevant administrative authorities in charge of environmental protection and health and safety have examined and approved the relevant facilities in certain jurisdictions. We cannot assure you that we will be able to obtain all the regulatory approvals for our construction projects in a timely manner, or at all. Delays or failures in obtaining all the requisite regulatory approvals for our construction projects may affect our abilities to develop, manufacture and commercialize our drug candidates as we plan. As requirements imposed by such laws and regulations may change and more stringent laws or regulations may be adopted, we may not be able to comply with, or accurately predict any potential substantial cost of complying with, these laws and regulations. If we fail to comply with environmental protection, and health and safety laws and regulations, we may be subject to rectification orders, substantial fines, potentially significant monetary damages, or production suspensions in our business operations. As a result, any failure by us to control the use or discharge of hazardous substances could have a material and adverse impact on our business, financial condition, results of operations and prospects.

In addition, we cannot fully eliminate the risk of accidental contamination, biological or chemical hazards or personal injury at our facilities during the process of discovery, testing, development and manufacturing of our drug candidates. In the event of such accident, we could be held liable for damages and clean-up costs which, to the extent not covered by existing insurance or indemnification, could harm our business. Other adverse effects could result from such liability, including reputational damage. We may also be forced to close or suspend operations at certain of our affected facilities temporarily, or permanently. As a result, any accidental contamination, biological or chemical hazards or personal injury could have a material and adverse impact on our business, financial condition, results of operations and prospects.

We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us. 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. Any of the foregoing could materially adversely affect our business, financial condition, results of operations and prospects.

We have historically received government grants and enjoyed certain preferential tax treatment for our research and development activities. Expiration of, or changes to, these incentives or our failure to satisfy any condition for these incentives would have an adverse effect on our results of operations.

We have historically benefited from government grants and preferential tax treatment as incentives for our research and development activities. We recorded government grants of RMB12.8 million and RMB13.8 million for the years ended December 31, 2019 and 2020, respectively. See "Financial Information – Description of Selected Components of Statements of Profit or Loss and Other Comprehensive Income – Other Income and Gains" and Note 5 to the Accountants' Report set out in Appendix I for further details. Our government grants may vary from period to period going forward and our results of operations may be affected as a result. During the Track Record Period, we enjoyed a deductible allowance for qualified research and development expenses, with a tax impact amount of RMB4.2 million and RMB24.4 million for the years ended December 31, 2019 and 2020, respectively. During the Track Record Period, our Group accumulated tax losses in mainland China, the amounts of which will expire in one to five years to offset against future taxable profits of our companies in which the losses arose. For more details on the preferential tax treatment, please refer to Note 10 to the Accountants' Report set out in Appendix I. Our eligibility for government grants and preferential tax treatment is dependent on a variety of factors, including the assessment of our improvement on existing technologies, relevant government policies, the availability of funding at different granting authorities and the research and development progress made by other pee companies. The incentives are subject to the discretion of the central government or relevant local government authorities, which could determine at any time to eliminate or reduce these financial incentives, generally with prospective effect. In addition, the policies according to which we historically received government grants may be halted by the relevant government entities at their sole discretion. There is no assurance that we will continue to receive such government grants, or at all. Since our receipt of the government grants is subject to periodic time lags and inconsistent government practice, as long as we continue to receive these government grants, our net income in a particular period may be higher or lower relative to other periods depending on the potential changes in these government grants in addition to any business or operational factors that we may otherwise experience. The discontinuation of government grants and preferential tax treatment currently available to us could have a material adverse effect on our business, financial condition and results of operations.

We invest substantial resources in research and development in order to develop, enhance or adapt to new technologies and methodologies, which we may not be able to do successfully.

The global biologics market is constantly evolving, and we must keep pace with new technologies and methodologies to maintain our competitive position. For the years ended December 31, 2019 and 2020, our research and development expenses were RMB64.8 million and RMB127.4 million, respectively. We must continue to invest significant amounts of human and capital resources to develop or acquire technologies that will allow us to enhance the scope and quality of our clinical trials. We intend to continue to enhance our technical capabilities in drug discovery, development and manufacturing, which are capital-and-time-intensive. We cannot assure you that we will be able to develop, enhance or adapt to new technologies and methodologies, successfully identify new technological opportunities, develop and bring new or enhanced products to market, obtain sufficient or any patent or other intellectual property protection for such new or enhanced products, or obtain the necessary regulatory approvals in a timely and cost-effective manner, or, if such products are introduced, that those products will achieve market acceptance. Any failure to do so may make our techniques obsolete, which could harm our business and prospects.

We have significantly increased the size and capabilities of our organization since our inception, and we may experience difficulties in managing our growth.

As our development and commercialization plans and strategies evolve, we must add a significant number of additional managerial, operational, manufacturing, sales, marketing, financial and other personnel. Our recent growth and any future growth will impose significant added responsibilities on members of management, including

- identifying, recruiting, integrating, maintaining and motivating additional employees;
- continuing to innovate and develop advanced technology in the highly competitive pharmaceutical market;
- managing our relationships with third parties, including suppliers and partners;
- managing our internal development efforts effectively, including the clinical and regulatory authority review process for our drug candidates, while complying with our contractual obligations to contractors and other third parties; and
- improving our operational, financial and management controls, reporting systems and procedures.

Our future financial performance and our ability to commercialize our drug candidates will depend, in part, on our ability to effectively manage our recent growth and any future growth, and our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to devote a substantial amount of time to managing these growth activities.

If we are not able to effectively manage our growth and further expand our organization by hiring new employees and expanding our groups of consultants and contractors as needed, we may not be able to successfully implement the tasks necessary to further develop and commercialize our drug candidates and, accordingly, may not achieve our research, development and commercialization goals. Our failure to do so could materially adversely affect our business, financial condition, results of operations and prospects.

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

Since our operations are labor-intensive and our operations, to a certain extent, require the use of technical skills and know-how of our employees, our success depends in part on our ability to attract, retain and motivate a sufficient number of qualified employees. We have implemented a number of initiatives in an effort to attract, retain and motivate our qualified and competent staff. There is no assurance that these measures will be effective or that supply of skilled labor in local markets will be sufficient to fulfil our needs. Competition for competent and skilled labor is intensive in the industry. Our failure to hire and retain enough skilled employees could delay construction schedule of the works undertaken by us, the anticipated pre-clinical studies or clinical trials timeframe or receipt of regulatory approvals to commercialize our drug candidates, or result in our expenses exceeding our initial budget. Any of the foregoing changes could have a material adverse effect on our business, profitability and prospects.

Further, most of our workforce is employed in China. The average labor cost in China has been steadily increasing over the past years as a result of government-mandated wage increases and other changes in the PRC labor laws. Further changes in the labor laws, rules and regulations may be promulgated by the Chinese government in the future and our operations may be materially adversely affected if such laws, rules or regulations impose additional burden on the employers. The labor cost will continue to increase in the future which is in line with the economic growth in China. Competition for employees would require us to pay higher wages, which would result in higher labor costs.

We may be subject to natural disasters, acts of war or terrorism or other factors beyond our control.

Natural disasters, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions where we conduct our business. Our operations may be under the threat of natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, or other events, such as power, water or fuel shortages, failures, malfunction and breakdown of information management

systems, unexpected maintenance or technical problems, or are 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 condition and results of 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.

We maintain insurance policies that we consider to be in line with market practice and adequate for our business. Our principal insurance policies cover property loss due to accidents or natural disasters and personal injury. We also maintain insurance for adverse events in clinical trials. We currently do not maintain product liability insurance or key person insurance. Therefore, the unexpected loss of the services of one or more of our senior management or key R&D personnel could have a detrimental effect on us. Our insurance coverage may be insufficient to cover any claims that we may have. 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 and may negatively impact our drug development and overall operations.

Any failure to comply with the PRC regulations regarding contribution of social insurance premium or housing provident funds may subject us to fines and other legal or administrative sanctions.

According to the Social Insurance Law (《中華人民共和國社會保險法》), the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》) and other applicable PRC regulations, any employer operating in China must contribute social insurance premium and housing provident funds for its employees. Any failure to open social insurance or housing provident fund registration account may trigger an order of correction where correction is not made within a specified period of time, the competent authority may further impose fines. Any failure to make timely and adequate contribution of social insurance premium or housing provident funds for its employees may trigger an order of correction from competent authority requiring the employer to make up the full contribution of such overdue social insurance premium or housing provident funds within a specified period of time, and the competent authority may further impose fines or penalties. During the Track Record Period, we did not make timely and adequate contribution of social insurance premium and housing provident funds for some of our employees, but such overdue social insurance premium and housing provident funds only involved an immaterial amount which will not bring any material adverse effect to our operations or financial position. As of the Latest Practicable Date, we have not received any order of correction or any fines or penalties from the competent authority

as a result of any such failure. However, we cannot assure you that the competent authority will not require us to rectify any non-compliance by making contribution of overdue social insurance premium or housing provident funds or to pay any overdue fine or penalty related thereto.

We are subject to risks associated with leasing space.

We lease our some of our offices in China. The lessors of the leased properties may not have valid title or the legal rights to such leased properties or may not have complied with all the necessary property leasing procedures. In addition, as our leases expire, we may fail to obtain renewals, either on commercially acceptable terms or at all, which could compel us to close such offices or manufacturing facilities. Our inability to enter into new leases or renew existing leases on terms acceptable to us could materially and adversely affect our business, results of operations or financial condition.

Pursuant to PRC laws, both lessors and lessees are required to file the lease agreements with relevant authorities for record and obtain property leasing filing certificates for their leases. However, as of the Latest Practicable Date, we had not completed the filings for certain leases. The failure to file and obtain property leasing filing certificates for such leases, as required under PRC laws, may subject us to a fine for non-filing which may range from RMB1,000 to RMB10,000 for each agreement not filed, which may negatively affect our ability to operate our business covered under those leases.

Since we conducted construction in one of our leased properties, we are required under PRC laws to obtain the certificate for passing fire safety inspection prior to our operations in such property. However, as of the Latest Practicable Date, we have not obtained such certificate even though we used to operate in such property. We had moved out of such property before the Latest Practicable Date. According to PRC laws and regulations, for failure to pass the fire safety inspection prior to commercial operation, the relevant authorities may order us to cease operation and may impose a fine of up to RMB300,000. We cannot guarantee that the relevant authorities will not impose a fine on us or order us to cease operation with respect to such property. In addition, there is no assurance that we will be able to obtain such certificate in a timely manner or at all, the failure of which may have a negative effect on our ability to operate in such lease property.

Negative publicity and allegations involving us, our Shareholders, Directors, officers, employees and business partners may affect our reputation and may, as a result, negatively affect our business, financial condition and results of operations.

We, our Shareholders, Directors, officers, employees and business partners may be subject to negative media coverage and publicity from time to time. Any negative publicity concerning us, our affiliates, our Shareholders, Directors, officers, employees and business partners, management, even if untrue, could adversely affect our reputation and business prospects. Such negative coverage in the media and publicity could threaten the perception of our reputation. In addition, to the extent our Shareholders, Directors, officers, employees and

business partners were incompliant with any laws or regulations or became involved in lawsuits, disputes, or other legal proceedings or became subject to administrative measures, penalties or investigations by regulatory authorities, we may also suffer negative publicity or harm to our reputation. As a result, we may be required to spend significant time and incur substantial costs in response to allegations and negative publicity. In addition, referrals and word of mouth have significantly contributed to our ability to establishing new partnerships. As a result, any negative publicity about us could adversely affect our ability to maintain our existing collaboration arrangements or attract new collaboration partners, and we may not be able to diffuse such negative publicity to the satisfaction of our investors and customers.

We are subject to registration or other requirements of government in China for cross-border sales or licensing of technology.

China imposes controls on the import and export of technology and software products. Under the Regulations on Administration of Import and Export of Technologies (《技術進出口管理條例》) promulgated by the State Council, which were amended in November 2020, the term "technology import and export" is defined to include, among other things, the transfer or licensing of patents and know-how, and the provision of services related to technology. Depending on the nature of the relevant technology, the import and export of technology require either approval by or registration with the relevant PRC governmental authorities. The Measures for the Administration of Registration of Technology Import and Export Contracts (《技術進出口合同登記管理辦法》), issued by the MOFCOM in February 2009, specify registration requirements related to the import and export of technology.

RISKS RELATING TO OUR DOING BUSINESS IN CHINA

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

We conduct almost all of our operations in China. The pharmaceutical industry in China is subject to comprehensive government regulation and supervision, encompassing the approval, registration, manufacturing, packaging, licensing and marketing of new drugs. In recent years, the regulatory framework in China regarding the pharmaceutical industry has undergone significant changes, and we expect that it will continue to undergo significant changes. Any such changes or amendments may result in increased compliance costs on our business or cause delays in or prevent the successful development or commercialization of our drug candidates in China and reduce the benefits we believe are available to us from developing and manufacturing drugs in China, which would materially adversely affect our business, financial condition, results of operations and prospects.

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

Due to our operations in China, our business, financial condition, results of operations and prospects may be influenced to a significant degree by economic, political, legal and social conditions in China. China's economy differs from the economies of developed countries in many respects, including the amount of government involvement, level of development, growth rate and control of foreign exchange and allocation of resources. While the Chinese economy has experienced significant growth over the past 30 years, growth has been uneven across different regions and among various economic sectors. The PRC government has implemented various measures to encourage economic development and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. In addition, in the past the PRC government implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China and the business environment in China could deteriorate from the perspective of domestic or international investment. Any of the foregoing would materially adversely affect our business, financial condition, results of operations and prospects.

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

A large portion of our operations are conducted in China and are governed by Chinese laws, rules and regulations. Our PRC subsidiaries are subject to laws, rules and regulations applicable to foreign investment in China. The Chinese legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited binding precedential value.

In 1979, the PRC government began to promulgate a comprehensive system of laws, rules and regulations governing economic matters in general. The overall effect of legislation over the past three decades has significantly enhanced the protections on various forms of foreign investment in China. However, China has not developed a fully integrated legal system, and recently enacted laws, rules and regulations may not sufficiently cover all aspects of economic activities in China or may be subject to different or various degrees of interpretation by the PRC regulatory agencies. In particular, because these laws, rules and regulations are relatively new and often grant the relevant regulators significant discretion in how to enforce them, and because of the limited number of published decisions and the nonbinding nature of such decisions, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. 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 or at all, and may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation.

Additionally, the NMPA's recent reform of the drug approval system may face implementation challenges. The timing and full impact of such reforms are uncertain and could prevent us from commercializing our drug candidates in a timely manner.

In addition, any administrative or court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since the 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 the contracts we have entered into and could materially adversely affect our business, financial condition, results of operations and prospects.

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

The State Administration of Foreign Exchange ("SAFE") has promulgated several regulations requiring PRC residents to register before engaging in direct or indirect offshore investment activities, including the Circular on Relevant Issues Concerning the Administration of Foreign Exchange on Domestic Residents' Overseas Investment, 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), or SAFE Circular 37, issued and effective on July 4, 2014. 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 local branches of the SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with onshore or offshore assets or equity interests held by the PRC residents, referred to in SAFE Circular 37 as a "special purpose vehicle." SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle. If a shareholder who is a PRC resident does not complete the required registration or update the previously filed registration, the PRC subsidiaries of the special purpose vehicle may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the special purpose vehicle, and the special purpose vehicle may be subject to restrictions when making additional capital contributions to its PRC subsidiaries. Moreover, failure to comply with the various SAFE registration requirements described above may result in liabilities for the PRC subsidiaries of the special purpose vehicle under PRC laws for evasion of applicable foreign exchange restrictions, including (1) the requirement by the SAFE to return the foreign exchange remitted overseas within a period of time specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas and deemed to have been evasive, and (2) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive.

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

On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知), or SAFE Circular 13, which came into effect on June 1, 2015, pursuant to which local banks shall review and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37 and SAFE Circular 30, while the application for remedial registrations shall still be submitted to, reviewed and handled by the relevant local branches of SAFE.

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

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

Our directors, executive officers and other employees who are PRC residents may participate in our employee equity incentive plans. Upon our Listing, we will be an overseas listed company, and therefore, 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 the SAFE, through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. We also face regulatory uncertainties that could restrict our ability to adopt additional equity incentive plans for our directors and employees under PRC law.

If we or our directors, executive officers or 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 equity awards fail to register the employee equity incentive plans or their exercise of options, we and such employees may be subject to (i) legal or administrative sanctions imposed by the 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 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 materially adversely affect our ability to conduct our business.

We are a holding company incorporated as an exempted company in the Cayman Islands, and we may rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our Shareholders or to service any debt we may incur. If any of our PRC subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Under PRC laws and regulations, our PRC subsidiaries may pay dividends only out of their respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In

addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. Such reserve funds cannot be distributed to us as dividends. At its discretion, a wholly foreign-owned enterprise may allocate a portion of its after-tax profits based on PRC accounting standards to an enterprise expansion fund, or a staff welfare and bonus fund. In addition, registered share capital and capital reserve accounts are also restricted from withdrawal in China, up to the amount of net assets held in each operating subsidiary.

Our PRC subsidiaries are expected to generate substantially all of their revenue from sales of our future approved drug candidates in RMB, which is not freely convertible into other currencies. As a result, any restriction on currency exchange may limit the ability of our PRC subsidiaries to use their RMB revenues to pay dividends to us.

In response to the persistent capital outflow in China in recent years, the PBOC and SAFE have promulgated a series of capital control measures, including stricter vetting procedures for domestic companies to remit foreign currency for overseas investments, dividends payments and shareholder loan repayments.

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

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

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

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 (內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排), the withholding tax rate on dividends paid by our PRC subsidiary to our Hong Kong subsidiary would generally be reduced to 5%, provided that our Hong Kong subsidiary is a Hong Kong tax resident as well as the beneficial owner of our PRC-sourced income, and it directly holds 25% or more interests in our PRC subsidiaries. On February 3, 2018, the State

Administration of Taxation issued the Announcement on Certain Issues Concerning the Beneficial Owners in a Tax Agreement (關於税收協定中"受益所有人"有關問題的公告), also known as Circular 9, which provides guidance for determining whether a resident of a contracting state or region is the "beneficial owner" of an item of income under China's tax treaties and similar arrangements. According to Circular 9, a beneficial owner generally must be engaged in substantive business activities and an agent will not be regarded as a beneficial owner. There is no assurance that the reduced withholding tax rate will be available to any of our Hong Kong subsidiaries.

We may be treated as a resident enterprise for PRC tax purposes under the PRC Enterprise Income Tax Law. This classification could result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the PRC Enterprise Income Tax Law, an enterprise established outside the PRC with "de facto management bodies" within China is considered a "resident enterprise," meaning that it is treated in a manner similar to a Chinese enterprise for the PRC enterprise income tax ("EIT") purposes. The implementing rules of the Enterprise Income Tax Law define "de facto management bodies" as "management bodies that exercise substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知), or Circular 82, specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated under the laws of foreign countries or territories and that have PRC enterprises or enterprise groups as their primary controlling shareholders, will be classified as resident enterprises if all of the following are located or resident in China: (i) senior management personnel and departments that are responsible for daily production, operation and management; (ii) financial and personnel decision-making bodies; (iii) key properties, accounting books, company seal and minutes of board meetings and shareholders' meetings; and (iv) half or more of senior management or directors having voting rights. State Administration of Taxation of the PRC has subsequently provided further guidance on the implementation of Circular 82.

If the PRC tax authorities determine that our Cayman Islands holding company or any of our non-PRC subsidiaries is a resident enterprise for PRC EIT purposes, a number of unfavorable PRC tax consequences could follow. First, we and our non-PRC subsidiaries may be subject to EIT at a rate of 25% on our worldwide taxable income, as well as to PRC EIT reporting obligations, which could materially adversely affect our business, financial condition, results of operations and prospects. Second, although under the EIT Law and its implementing rules, dividends paid by a PRC tax resident enterprise to an offshore incorporated PRC tax resident enterprise controlled by a PRC enterprise or enterprise group would qualify as tax-exempted income, we cannot assure that dividends paid by our PRC subsidiaries to us will not be subject to a 10% withholding tax, as the PRC foreign-exchange control authorities and tax authorities have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC

enterprise income tax purposes but not controlled by a PRC enterprise or enterprise group like us. Finally, dividends paid by us to our non-PRC shareholders, and any gain realized from the transfer of our Shares by our non-PRC shareholders, may be treated as income derived from sources within China. As a result, dividends paid to our non-PRC resident enterprise shareholders may be subject to PRC withholding tax at a rate of 10% (or 20% in the case of non-PRC individual shareholders) and gains realized by our non-PRC resident enterprise shareholders from the transfer of our Shares may be subject to PRC tax at a rate of 10% (or 20% in the case of non-PRC individual shareholders). Any PRC tax liability on gains or dividends described above may be reduced under applicable tax treaties. However, it is unclear whether, if our Cayman Islands holding company is considered a PRC resident enterprise, in practice non-PRC resident shareholders would be able to obtain the benefits of income tax treaties entered into between PRC and their countries. Similarly, these unfavorable consequences could apply to our other offshore companies if they are classified as a PRC resident enterprise.

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

Pursuant to the Bulletin on Issues of Enterprise Income Tax Concerning Indirect Transfers of Assets by Non-PRC Resident Enterprises (關於非居民企業間接轉讓財產企業所得税若干問題的公告), or 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 EIT. As a result, gains derived from such indirect transfer may be subject to PRC EIT. When determining whether there is a "reasonable commercial purpose" for the transaction arrangement, factors to be taken into consideration mainly 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 consists 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. Gains derived from the sale of shares by investors through a public stock exchange are not subject to the PRC EIT pursuant to Bulletin 7 where such shares were acquired in a transaction through a public stock exchange. As such, the sale of the Shares on a public stock exchange will not be subject to PRC EIT pursuant to Bulletin 7. However, the sale of our Shares by a non-PRC resident enterprise outside a public stock exchange may be subject to PRC EIT 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 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-PRC 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-PRC resident enterprises should not be taxed under Bulletin 7, for our previous and future restructuring or disposal of shares of our offshore subsidiaries, which could materially adversely affect our business, financial condition, results of operations and prospects.

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 the Bulletin on Issues Concerning the Withholding of Enterprise Income Tax at Source on Non-PRC Resident Enterprises (關於非居民企業所得税源泉扣繳有關問題的公告), or Bulletin 37, or under Bulletin 7, our income tax costs associated with such potential acquisitions or disposals will increase, which could materially adversely affect our business, financial condition, results of operations and prospects.

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

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

We may be restricted from transferring our scientific data abroad.

On March 17, 2018, the General Office of the State Council promulgated the Measures for the Management of Scientific Data (《科學數據管理辦法》), or the Scientific Data Measures, which provides a broad definition of scientific data and relevant rules for the management of scientific data. According to the Scientific Data Measures, enterprises in China must seek 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 Chinese government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be published in any foreign academic journal. Given the term "state secret" is not clearly defined, we cannot assure you 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 necessary approvals in a timely manner, or at all, our research and development of drug candidates may be hindered, which could materially adversely affect our business, financial condition, results of operations and prospects. If the relevant government authorities consider the transmission of our scientific data to be in violation of the requirements under the Scientific Data Measures, we may be subject to rectification and other administrative penalties imposed by those government authorities.

It may be difficult to effect service of legal process, enforce foreign judgments or bring actions in China against us or our management based on foreign laws.

We are a company incorporated under the laws of the Cayman Islands, we conduct substantially all of our operations in China and substantially all of our assets are located in China. In addition, all our senior management reside within China for a significant portion of the time and some of them are PRC nationals. As a result, it may be difficult for you to effect service of process upon us or those persons inside China. It may also be difficult for you to enforce foreign courts judgments obtained in foreign courts against us and our directors and senior management. In addition, there is uncertainty as to whether the courts of the Cayman Islands or the PRC would recognize or enforce judgments of foreign courts against us and our directors and senior management.

China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions. On July 14, 2006, Hong Kong and China entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), or the Arrangement, pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a PRC 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 PRC court is expressly designated as the court having sole jurisdiction for the dispute.

On January 18, 2019, the Supreme People's Court and the government of the Hong Kong Special Administrative Region 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 (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排), or the New Arrangement, which seeks to establish a mechanism with further clarification on and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong Special Administrative Region and the China. The New Arrangement discontinued the requirements 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 Special Administrative Region. The New Arrangement will, upon its effectiveness, supersede 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. As a result, it may be difficult or impossible for investors to effect service of process against our assets or management in China in order to seek recognition and enforcement of foreign judgments in China.

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

Our business is subject to constantly changing international economic, regulatory, social and political conditions, and local conditions in those foreign countries and regions. Since 2018, the United States government has made significant changes in its trade policy and has taken certain actions that may materially impact international trade, such as announcing import tariffs which have led to other countries, including China and member of the European Union, imposing tariffs against the United States in response. These trade wars may escalate going forward and may result in certain types of goods, such as advanced R&D equipment and materials, becoming significantly more expensive to procure from overseas suppliers or even becoming illegal to export. Furthermore, there can be no assurance that our existing or potential service providers or collaboration partners will not alter their perception of us or their preferences as a result of adverse changes to the state of political relationships between China and the relevant foreign countries or regions. Tensions and political concerns between China and the relevant foreign countries or regions may therefore adversely affect our business, financial conditions, results of operations, cash flows and prospects.

RISKS RELATING TO THE GLOBAL OFFERING

No public market currently exists for our Shares, and 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 pharmaceutical 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 several 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 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.

Raising additional capital may cause dilution 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 and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of our Shares. The incurrence of additional indebtedness or the issuance of certain equity securities could result in increased fixed payment obligations and could 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, issuance of additional equity securities, or the possibility of such issuance, may cause the market price of our Shares to decline. In the event that 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 on unfavorable terms our rights to technologies or drug candidates that we otherwise would seek to develop or commercialize ourselves or potentially reserve for future potential arrangements when we might be able to achieve more favorable terms.

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

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

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

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

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

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

Our management may spend the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favorable return to our shareholders. We plan to use the net proceeds from the Global Offering to conduct clinical trials in China and the U.S. 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 exempted 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. Please refer to the paragraphs headed "Appendix III – Summary of the Constitution of the Company and Cayman Islands Company Law." As a result of all of the above, minority Shareholders may enjoy different remedies when compared to the laws of the jurisdiction such shareholders are located in.

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

Facts, forecasts and statistics in this prospectus relating to the pharmaceutical industry in and outside China are obtained from various sources that we believe are reliable, including official government publications as well as a report prepared by 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 and statistics nor ascertained the underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and factual information and other problems, the statistics in this prospectus relating to the pharmaceutical industry in and outside China may be inaccurate and you should not place undue reliance on it. We make no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon.

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

Subsequent to the date of this prospectus 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 prospectus, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

You should rely solely upon the information contained in this prospectus, 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 prospectus and the Global Offering.

In preparation for the Global Offering, the Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemptions from 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, except as otherwise permitted by the Stock Exchange at its discretion, an issuer must have sufficient management presence in Hong Kong. This normally means that at least two of the issuer's executive directors must be ordinarily resident in Hong Kong.

Our management, business operations and assets are primarily located outside Hong Kong. The principal management headquarters of our Group are primarily based in the PRC. Our Company considers that our Group's management is best able to attend to its functions be being based in the PRC. None of our executive Directors is or will be ordinarily resident in Hong Kong after the Listing of our Company. Our Directors consider that relocation of our executive Directors to Hong Kong will be burdensome and costly for our Company, and it may not be in the best interests of our Company and our Shareholders as a whole to appoint additional executive Directors who are ordinarily resident in Hong Kong. As such, we do not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules, provided that our Company implements the following arrangements:

(a) pursuant to Rule 3.05 of the Listing Rules, the Company has appointed and will continue to maintain two authorized representatives, namely, Dr. Chen and Dr. Wang, each being an executive Director, to be the principal communication channel at all times between the Stock Exchange and the Company. Each of the Company's authorized representatives will be available to meet with the Stock Exchange within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email;

(b) we will implement a policy to provide the contact details of each Director (such as mobile phone numbers, office phone numbers, email addresses and fax numbers (if any)) to each of the authorized representatives and to the Stock Exchange. We also confirm that all Directors who are not ordinarily resident in Hong Kong have valid travel documents to visit Hong Kong and will be able to come to Hong Kong to meet with the Stock Exchange within a reasonable period of time when required;

(c) we have retained the services of Somerley Capital Limited as compliance adviser (the "**Compliance Adviser**"), in accordance with Rule 3A.19 of the Listing Rules. The Compliance Adviser will have access at all times to the Company's authorized representatives, Directors and senior management, and will act as an additional channel of communication between the Stock Exchange and the Company; and

(d) we intend to maintain a place of business in Hong Kong upon Listing.

Our Company will inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives and/or the Compliance Adviser in accordance with the Listing Rules.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

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

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

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing "relevant experience", the Stock Exchange will consider the individual's:

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

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

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

(d) professional qualifications in other jurisdictions.

Our Company has appointed Mr. Yanrong ZHANG ("**Mr. Zhang**") and Mr. Keith Shing Cheung WONG ("**Mr. Wong**") as joint company secretaries of our Company on April 3, 2021. Mr. Wong is a member of the Hong Kong Institute of Certified Public Accountants and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules. Mr. Zhang, however, does not possess the qualifications set out in Rule 3.28 of the Listing Rules. Our Company believes that Mr. Zhang, by virtue of his knowledge and experience in handling corporate administrative matters, is capable of discharging his functions as a joint company secretary. Further, our Company believes that it would be in the best interests of our Company and the corporate governance of our Group to have as its joint company secretary a person such as Mr. Zhang who is familiar with the Group's operational and investor relations matters.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant to us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules. Pursuant to the Guidance Letter HKEX-GL108-20, the waiver is granted on two conditions:

(a) Mr. Zhang must be assisted by Mr. Wong, who possesses all the requisite qualifications and experiences required under Rule 3.28 of the Listing Rules (a "**Qualified Person**"); and

(b) the waiver shall be valid for three years from the Listing Date and will be revoked immediately if and when Mr. Wong ceases to provide such assistance or if there are material breaches of the Listing Rules by the Company.

Before the expiry of such three-year period, the qualifications and experience of Mr. Zhang and the need for on-going assistance of Mr. Wong will be further evaluated by our Company. If and when Mr. Wong ceases to be a joint company secretary before the end of the three-year period, the Company will appoint another Qualified Person as a replacement. We will liaise with the Stock Exchange to enable it to assess whether Mr. Zhang, having benefited from Mr. Wong's and, if applicable, another Qualified Person's assistance for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

See the section headed "Directors and Senior Management – Joint Company Secretaries" in this prospectus for further information regarding the qualifications of Mr. Zhang and Mr. Wong.

WAIVER IN RESPECT TO FINANCIAL STATEMENTS

Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires all prospectuses to include matters specified in Part 1 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and set out the reports specified in Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

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

Paragraph 31 of Part II of the Third Schedule to the Companies Ordinance further requires the company to include in its prospectus a report by the auditors of the company with respect to (i) the profits and losses of the Company and (ii) the assets and liabilities of the Company for each of the three financial years immediately preceding the issue of the prospectus.

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

Rule 4.04(1) of the Listing Rules requires the Accountants' report contained in the Prospectus must include the results of the Company in respect of each of the three financial years immediately preceding the issue of prospectus, or such shorter period as may be accepted by the Stock Exchange.

The Listing Rules require that an eligible biotech company must have been in operation in its current line of business for at least two financial years prior to listing under substantially the same management. Rule 18A.06 of the Listing Rules requires that an eligible biotech company must comply with Rule 4.04 of the Listing Rules modified so that references to "three financial years" or "three years" in Rule 4.04 shall instead reference to "two financial years" or "two years", as the case may be. Further, pursuant to Rule 8.06 of the Listing Rules, the latest financial period reported on by the reporting accountants for a new applicant must not have ended more than six months from the date of the listing document.

In compliance with the abovementioned requirements under the Listing Rules, the accountants' report as appended to this Prospectus covers the two financial years ended December 31, 2020.

As such, the Joint Sponsors have applied on behalf of our Company to the SFC for a certificate of exemption from strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance regarding the inclusion of the accountants' report covering the full three financial years immediately preceding the issue of this Prospectus on the following grounds:

(a) we are primarily engaged in the research and development, application and commercialization of biotech products, and fall within the scope of biotech company as defined under Chapter 18A of the Listing Rules. We will fulfil the additional conditions for listing applicable to a Chapter 18A company based on the following reasons:

(b) as of the Latest Practicable Date, we have not commercialized any products and therefore did not generate any revenue from product sales. Please refer to the section headed "History, Development and Corporate Structure" in the Prospectus for the details of the major financing activities conducted by us since our incorporation including our Pre-IPO Investments;

(c) the accountants' report for each of the two financial years ended December 31, 2020 has been prepared and is set out in Appendix I to this Prospectus in accordance with Rule 18A.06 of the Listing Rules;

(d) notwithstanding that the financial results set out in the Prospectus are only for the two financial years ended December 31, 2020 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance has been adequately disclosed in the Prospectus pursuant to the relevant requirements. Therefore, strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome for our Company and the Reporting Accountants; and

(e) the accountants' report covering the two financial years ended December 31, 2020, together with other disclosure in this Prospectus, has already provided the potential investors with adequate and reasonable up-to-date information in the circumstances to form a view on the track record of the Company; and that all information which is necessary for the investing public to make an informed assessment of the business, assets and liabilities, financial position, management and prospects has been included in the Prospectus. 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 the Company from strict compliance with section 342(1)(b) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that particulars of the exemption are set out in this prospectus and that this prospectus will be issued on or before June 25, 2021.

WAIVER FROM STRICT COMPLIANCE WITH RULE 9.09(B), RULE 10.04 OF THE LISTING RULES AND CONSENT PURSUANT TO PARAGRAPH 5(2) OF APPENDIX 6 TO THE LISTING RULES

Rule 9.09(b) of the Listing Rules provides, inter alia, that there must be no dealing in the securities for which listing is sought by any core connected person of a new applicant, from four clear business days before the expected hearing date until listing is granted.

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

Paragraph 5(2) of Appendix 6 to the Listing Rules provides, inter alia, that 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 without the prior written consent of the Stock Exchange.

Guidance Letter HKEX-GL92-18 (Suitability for Listing of Biotech Companies) provides that existing shareholders are allowed to participate in the initial public offering of a Biotech Company (as defined under Chapter 18A of the Listing Rules) provided that the applicant complies with Rules 8.08(1) and 18A.07 of the Listing Rules in relation to shares held by the public. Further, pursuant to paragraph 5.2 of Guidance Letter HKEX-GL92-18 (Suitability for Listing of Biotech Companies), an existing shareholder holding less than 10% of shares in a

Biotech Company may subscribe for shares in the Proposed Listing as either a cornerstone investor or as a placee and an existing shareholder holding 10% or more of shares in a Biotech Company may subscribe for shares in the Proposed Listing as a cornerstone investor.

As further described in the section headed "Cornerstone Placing" in this prospectus, Hillhouse Capital (as defined therein), Boyu Capital Opportunities Master Fund, Lake Bleu Prime Healthcare Master Fund Limited, LAV (as defined therein), Double Joy Ventures Limited and Yi Fang Da Sirius Inv. Limited (collectively, the "**Relevant Cornerstone Investors**"), each of which is an close associate of existing Shareholders, have entered into cornerstone investment agreements with the Company. Hillhouse Capital are close associates of a substantial shareholder of the Company as of the Latest Practicable Date.

We have applied for a waiver from strict compliance with the requirements under Rule 10.04 of, and a consent under paragraph 5(2) of Appendix 6 to, the Listing Rules, to allow the Relevant Cornerstone Investors, to participate as cornerstone investors in the Global Offering. In the case of subscription by Hillhouse Capital, the Company has also applied for a waiver from strict compliance with Rule 9.09(b) of the Listing Rules. The Stock Exchange has agreed to grant 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 Relevant Cornerstone Investors under the Global Offering will be at the same Offer Price and on substantially the same terms as other cornerstone investors in the Global Offering (including being subject to a six-month lock up arrangement following Listing);

(c) no preferential treatment has been, nor will be, given to the Relevant Cornerstone Investors by virtue of their relationship with the Company in any allocation in the Global Offering other than the preferential treatment of assured entitlement under the cornerstone investment which follows the principles set out in Guidance Letter HKEX-GL51-13, that, the cornerstone investment agreement of each of the Relevant Cornerstone Investors does not contain any material terms which are more favorable to them than those in other cornerstone investment agreements; and

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

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

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

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

We will adopt additional communication measures to inform the potential investors that they can only subscribe for the Hong Kong Offer Shares electronically, including (i) publishing a formal notice of the Global Offering on our website and in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) describing the fully electronic application process including the available channels for share subscription; (ii) advertising through the White Form eIPO Service Provider the electronic methods for subscription of the Hong Kong Offer Shares; and (iii) the enhanced support provided by our Hong Kong Share Registrar and White Form eIPO Service Provider in relation to the Hong Kong Public Offering (including additional enquiry hotlines for questions about the application for the Hong Kong Offer Shares and increasing its server capacity).

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. The Global Offering comprises the Hong Kong Public Offering of initially 5,827,000 Offer Shares and the International Offering of initially 52,437,500 Offer Shares (subject to, in each case, reallocation on the basis referred to under the section headed "Structure of the Global Offering" in this prospectus and, in case of the International Offering, to any exercise of the Over-allotment Option).

The listing of our Shares on the Stock Exchange is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Global Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Underwriting Agreement relating to the International Offering is expected to be entered into on or around Wednesday, June 30, 2021. Further information regarding the Underwriters and the Underwriting Agreements are set out in the section headed "Underwriting" in this prospectus.

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

Neither the delivery of this prospectus 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 prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

Further information regarding the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering", and the procedures for applying for our Hong Kong Offer Shares are set out in the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus and in the relevant application forms.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

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

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales 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 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 for the granting of the listing of, and permission to deal in, the Shares in issue, the Offer Shares to be issued by us pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

Dealings in the Shares on the Stock Exchange are expected to commence on Thursday, July 8, 2021. Save as disclosed in this prospectus, no part of our Shares or loan capital is listed or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought on any other stock exchange as of the date of this prospectus. All the Offer Shares will be registered on the Hong Kong register of members of the 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, our 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 the Company by or on behalf of the Stock Exchange.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the Offer Shares or exercising rights attached to them. None of us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, partners, agents, advisers or representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchasing, holding, disposition of, or dealing in, the Offer Shares or exercising any rights attached to them.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set out under the sections headed "Underwriting" and "Structure of the Global Offering" in this prospectus.

HONG KONG REGISTER OF MEMBERS AND HONG KONG STAMP DUTY

Our Company's principal register of members will be maintained by its principal share registrar, at Floor 4, Willow House, Cricket Square, Grand Cayman KY1-9010, in the Cayman Islands. All of the Offer Shares issued pursuant to the Global Offering will be registered on the Company's Hong Kong share register to be maintained in Hong Kong by its Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Dealings in the Shares registered in the Company's Hong Kong share register will be subject to Hong Kong stamp duty.

Unless determined otherwise by the Company, dividends payable in Hong Kong dollars in respect of Shares will be paid to the Shareholders listed on the Hong Kong share register of the Company, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder.

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 date of commencement of dealings in the Shares on the Stock Exchange 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 enabling the Shares to be admitted into CCASS.

Investors should seek the advice of their stockbrokers or other professional advisers for details of the settlement arrangements as such arrangements may affect their rights and interests.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for Hong Kong Offer Shares are set out in the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus and on the application forms.

STRUCTURE OF THE GLOBAL OFFERING

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

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all. Unless indicated otherwise, (i) the translations between Renminbi and U.S. dollars were made at the rate of RMB6.4298 to US$1.00, being the PBOC rate prevailing on the Latest Practicable Date, (ii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK$7.7635 to US$1.00, and (iii) the translation between Hong Kong dollars and Renminbi were made at the rate of HK$1.00 to RMB0.8282. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

In the Industry Overview section, the translation of Renminbi into U.S. dollars was made at the rate of year end for each historic year, and at the rate at the end of 2020 for each future year.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. However, the English names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like are translations of their Chinese names and are included for identification purposes only. If there is any inconsistency, the Chinese name prevails.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. Bo CHEN	Room 1005, Block B3 Dayuan International Center No. 88 Tianfu 3rd Street Chengdu Sichuan Province PRC	American
Dr. Changyu WANG	7 Mountain Mistral Place The Woodlands Texas TX 77382-1800 United States of America	American
Dr. Gang XU	Room 1203, Unit 1 Building 10, Tianfu Family Home No. 1000 Jincheng Avenue High-tech Zone, Chengdu Sichuan Province PRC	Chinese
Non-executive Directors		
Mr. Qi CHEN	Room 904, Unit 2 Block 2 No. 688, Dongpo North 2nd Road Qingyang District, Chengdu Sichuan Province PRC	Chinese
Dr. Dong LYU	201, Gate 1, Building 14 Yutaoyuan District 1, Xicheng District Beijing PRC	Chinese

Name	Address	Nationality
Dr. Min Chuan WANG	Room A, 8th Floor Tower 10, Park Avenue 18 Hoi Ting Road Mong Kok, Kowloon Hong Kong	Chinese
Mr. Yilun LIU	Flat F 18/F Block 5 The Lustre Chianti, Phase 13 Discovery Bay, Lantau New Territories Hong Kong	Chinese Hong Kong
Independent Non-executive Directors		
Prof. Xiao-Fan WANG	3619 Dover Road Durham North Carolina NC27707 United States of America	American
Prof. Yang KE	No. 52 Unit 4 1801 Fucheng Road A Haidian District Beijing PRC	Chinese
Mr. Cheuk Kin Stephen LAW	Flat C 23/F Block 1 Ronsdale Garden 25 Tai Hang Drive Tai Hang Hong Kong	Chinese Hong Kong
Prof. Linqing LIU	Room 702, 7th Floor Unit 4, Building 2, Sun Island No. 22 Minzhu 2nd Road Wuchang District, Wuhan PRC	Chinese

For further information regarding our Directors, please see the section headed "Directors and Senior Management".

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**Morgan Stanley Asia Limited** 46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong **China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central, Hong Kong **Huatai Financial Holdings (Hong Kong) Limited** 62/F, The Center 99 Queen's Road Central Hong Kong
Joint Global Coordinators	**Morgan Stanley Asia Limited** 46th Floor, International Commerce Centre 1 Austin Road West Kowloon Hong Kong **China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central, Hong Kong **Huatai Financial Holdings (Hong Kong) Limited** 62/F, The Center 99 Queen's Road Central Hong Kong

Joint Bookrunners and 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

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

Huatai Financial Holdings (Hong Kong) Limited
62/F, The Center
99 Queen's Road Central
Hong Kong

China Everbright Securities (HK) Limited
12/F, Everbright Centre
108 Gloucester Road
Wanchai
Hong Kong

Legal Advisers to the Company

As to Hong Kong law:

O'Melveny & Myers
31/F, AIA Central
1 Connaught Road Central
Hong Kong

CYL & Partners in Association with Cooley HK
Suites 3501-3505, 35/F
Two Exchange Square
8 Connaught Place
Central
Hong Kong

As to United States law:

O'Melveny & Myers
31/F, AIA Central
1 Connaught Road Central
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The information and statistics set out in this section and other sections of this prospectus were extracted from different official government publications, available sources from public market research and other sources from independent suppliers. In addition, we engaged Frost & Sullivan to prepare 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 prospectus are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official and non-official sources has not been independently verified by us, the Joint Sponsors, Joint Global Coordinators, 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 (other than 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.

1. GLOBAL AND CHINA AUTOIMMUNE DISEASE MARKET OVERVIEW

1.1 Overview of Autoimmune Diseases and a Long-Term Medical Demand

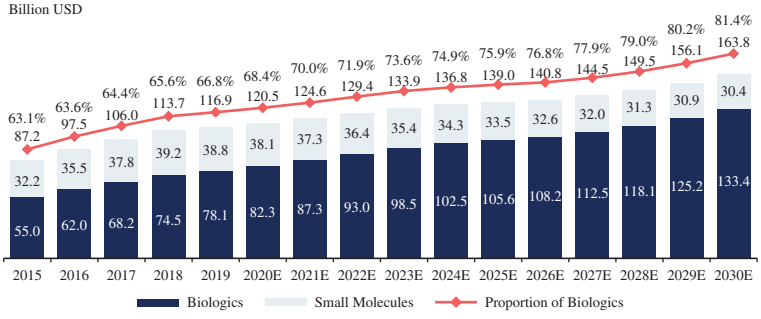
Autoimmune diseases are conditions in which the human body's immune system mistakenly attacks the body and can be associated with abnormal activation of the immune system. There are more than one hundred different types of autoimmune disorders, which can affect almost any part of the body. Both genetic and environmental factors may contribute to the development of autoimmune diseases, which can lead to organ failures and impose a severe and life-long economic and social burden upon patients. Around the world, there is a large patient population in need of biologics for the long-term treatment of autoimmune diseases.

1.2 Global and China Autoimmune Disease Medication Market Size and Growth

As illustrated in the chart below, the global autoimmune disease medication market is expected to reach US$163.8 billion by 2030, growing from US$116.9 billion in 2019. The market share of biologics in the global autoimmune disease medication market is expected to increase from 66.8% in 2019 to 81.4% by 2030.

Global Autoimmune Disease Medication Market, 2015-2030E

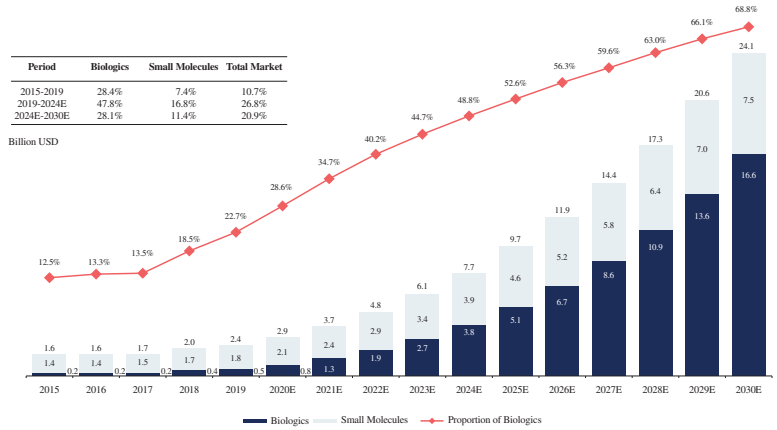
Period	Biologics	Small Molecules	Total Market
2015-2019	9.2%	4.8%	7.6%
2019-2024E	5.6%	-2.4%	3.2%
2024E-2030E	4.5%	-2.0%	3.0%



Source: Frost & Sullivan

Given the large patient pool in China, and the development and advancement of innovative therapies for autoimmune diseases, China's autoimmune disease medication market is expected to grow rapidly. As illustrated in the chart below, the biologics market for autoimmune diseases in China is expected to reach US$16.6 billion by 2030, growing from US$0.5 billion in 2019. Biologics' share of China's autoimmune disease medication market is expected to increase from 22.7% in 2019 to 68.8% by 2030.

China Autoimmune Disease Medication Market, 2015-2030E



Source: Frost & Sullivan

2. GLOBAL AND CHINA ALLERGIC DISEASE MEDICATION MARKET OVERVIEW

2.1 Overview of Allergic Diseases

Allergy diseases are a type of autoimmune disorders caused by hypersensitivity of the immune system due to the contact with harmless allergens in the environment. Common allergic diseases include atopic dermatitis (AD), chronic rhinosinusitis (CRS), asthma, and food allergies.

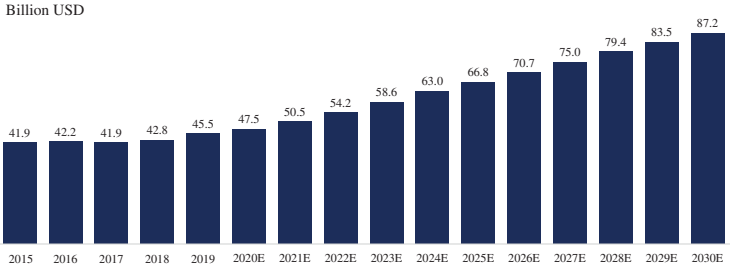
Immune response can be broadly classified into three types: type I, type II or type III, each with a unique signature profile composed of specific immune cells, inflammatory mediators and physiologic functions. Type II immunity consists of GATA-3+ ILC2S, Tc2 cells, and T_H2 cells producing type II cytokines, which induce mast cell, basophil and eosinophil activation, as well as IgE antibody production to protect against helminths and venoms. Studies have found several cytokines and pathways, such as IL-4, IL-5, IL-13, TSLP and JAK, are involved in the activation of type II immune response. Aberrant activation of type II immune response can cause allergic diseases.

2.2. Global and China Allergic Disease Medication Market Size and Growth

The global allergic disease medication market has reached US$45.5 billion in 2019, which is expected to further grow to US$63.0 billion in 2024 and US$87.2 billion in 2030, representing a CAGR of 6.8% from 2019 to 2024 and 5.6% from 2024 to 2030.

Global Allergic Disease Medication Market, 2015-2030E

Period	CAGR
2015-2019	2.0%
2019-2024E	6.8%
2024E-2030E	5.6%

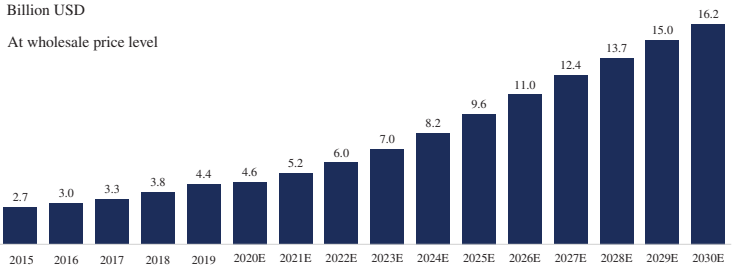


Source: Frost & Sullivan

Additionally, the allergic disease medication market is driven by a huge patient pool and increasing awareness of early diagnosis and treatment. From 2019 to 2024, the allergic disease medication market in China is expected to grow from US$4.4 billion to US$8.2 billion with a CAGR of 13.2%. Further, the market in China is forecasted to grow to US$16.2 billion by 2030 with a CAGR of 12.0% during 2024 to 2030.

Allergic Disease Medication Market in China, 2015-2030E

Period	CAGR
2015-2019	12.6%
2019-2024E	13.2%
2024E-2030E	12.0%



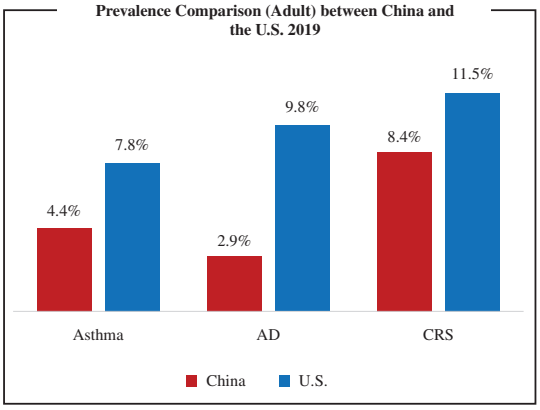
Source: Frost & Sullivan

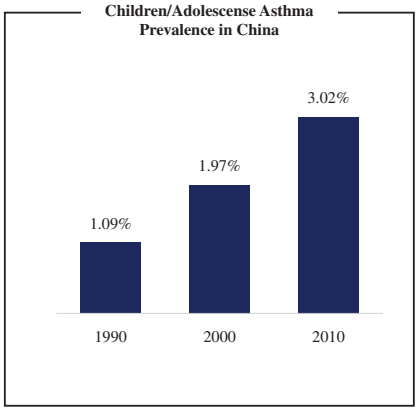
2.3 Evolution of Allergic Disease Treatment Paradigm

The emergence of biological and targeted therapies has brought profound changes to the treatment paradigm for allergic diseases in recent years. Traditional treatment options, such as glucocorticoids and antihistamines, are generally limited in efficacy and associated with severe adverse events, especially for long-term treatment. Since the first biologic drug was approved for the treatment of allergic diseases by the FDA in 2003, biologics targeting interleukin (IL) family and IgE involved in the inflammatory responses have been widely used for the treatment of allergic diseases. Biologic therapies continue to be extensively studied for treating a wide spectrum of allergic diseases given their high efficacy and excellent safety. In addition, small molecular targeted therapies, such as janus kinase (JAK) inhibitors, can also be used to treat allergic diseases. However, studies have found that JAK inhibitors are less tolerated in children with allergic diseases and therefore do not serve as a preferred treatment option for this population.

2.4. Growth Drivers and Future Trends

Over the past decade, China has seen a rapid growth of patients with allergies. With the increase in urbanization and the improvement of hygiene conditions in China, the prevalence of allergic diseases in China is expected to further increase in the future. The charts below show the comparison of the prevalence of major allergic diseases in China and the U.S. in 2019 and the growth of prevalence rate of asthma in China from 1990 to 2010.





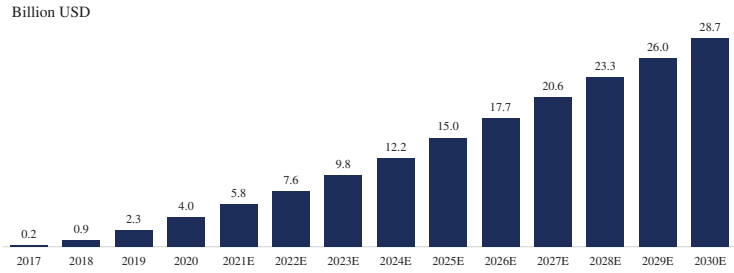
3. IL-4Rα-TARGETED MEDICATION MARKET OVERVIEW

3.1 Global and China IL-4Rα-Targeted Medication Market

Since the first IL-4Rα antibody, dupilumab, was approved by FDA in 2017, the global market of IL-4Rα has dramatically grown from US$0.2 billion in 2017 to US$4.0 billion in 2020, representing a CAGR of 153.9% from 2017 to 2020. Driven by the expansion of indications and the increasing penetration of IL-4Rα-targeted drugs in future, the global market is estimated to reach US$12.2 billion and US$28.7 billion by 2024 and 2030, respectively, as illustrated in the chart below.

Global IL-4Rα-Targeted Medication Market, 2017-2030E

Period	CAGR
2017-2020	153.9%
2020-2024E	31.9%
2024E-2030E	15.2%

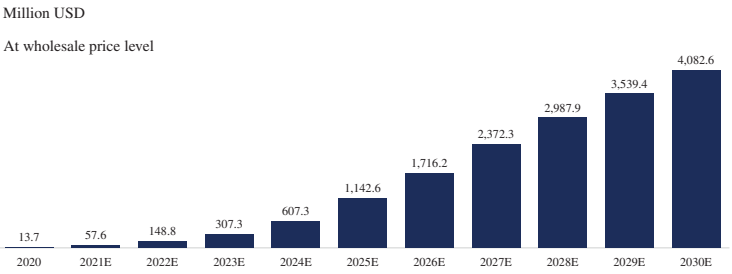


Source: Frost & Sullivan

In China, the first IL-4Rα antibody, dupilumab, was approved by the NMPA and included in the NRDL in 2020. The market will be fast growing with the continuous launch of IL-4Rα drugs and their expansion of indications. The IL-4Rα-targeted medication market is estimated to reach US$607.3 million and US$4,082.6 million in 2024 and 2030.

IL-4Rα-Targeted Medication Market in China, 2020-2030E

Period	CAGR
2020-2024E	158.1%
2024E-2030E	37.4%



Source: Frost & Sullivan

3.2 Sales Ramp-Up and Indication Expansion of Dupilumab

Sanofi/Regeneron's dupilumab is currently approved and available in more than 47 countries, including the U.S., several European Union countries, Japan and China. In 2020, dupilumab recorded global net sales of US$4.0 billion, including US$3.2 billion from the U.S. market. Its strong growth momentum is expected to be continuously driven by the increasing medical demands of allergic diseases, the fast expansion of dupilumab's approved indications and the adoption of dupilumab in children and adolescent.

The following table summarizes the indication expansion of dupilumab since approval in various jurisdictions.

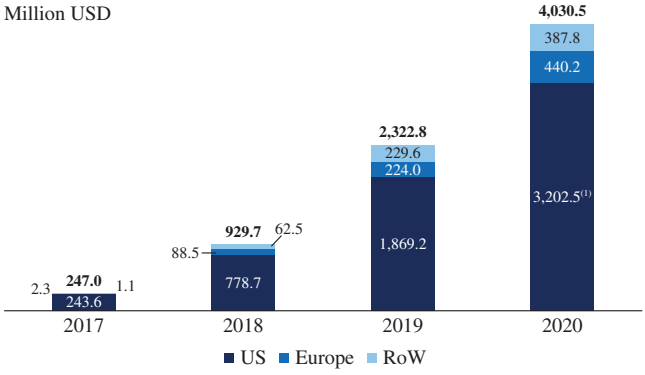
Indication	District	Approval Date	Indication Expansion
Atopic Dermatitis	US	2017/3	• Adults with moderate-to-severe AD whose disease is not adequately controlled with topical prescription therapies, or when those therapies are not advisable
		2019/3	• Adolescents aged 12 to 17 years with moderate-to-severe AD
		2020/3	• Children aged 6 to 11 years with moderate-to-severe AD
	EU	2017/9	• Adults with moderate-to-severe AD who are candidates for systemic therapy
		2019/8	• Adolescents aged 12 to 17 years with moderate-to-severe AD
		2020/11	• Children aged 6 to 11 years with severe AD
	China	2020/6	• Adults with moderate-to-severe AD (through expedited review and approval process)
Asthma	US	2018/10	• Moderate-to-severe asthma patients aged 12 years and older with an eosinophilic phenotype or with oral corticosteroid-dependent asthma
	EU	2019/5	• Severe asthma patients aged 12 years and older with type 2 inflammation who are inadequately controlled with high dose inhaled corticosteroid plus another medicinal product for maintenance treatment
CRSwNP	US	2019/6	• Add-on maintenance treatment in adult patients with inadequately controlled CRSWNP
	EU	2019/10	• Adults with severe CRSwNP for whom therapy with systemic corticosteroids and/or surgery do not provide adequate disease control

Source: Frost & Sullivan

Additionally, dupilumab's strong sales in 2020 was boosted by continued strong demand in the treatment of AD in adults and adolescents and a rapid ramp-up in children aged 6 to 11 years (approved in May 2020), plus ongoing adoption of the product for the treatment of asthma.

Sales Ramp-Up and IP Rights of Dupilumab

Sales of Dupilumab, 2017-2020



Intellectual Property(2)

	Compound	Regulatory Exclusivity
United States	• 2027.10 • 2031.03 with PTE	2029.03
European Union	• 2029.10 • 2032.09 with SPC	2027.09
Japan	• 2029.10 • 2034.05 with PTE*	2026.01

PTE: Patent Term Extension
SPC: Supplementary Protection Certificate

Source: Sanofi's annual report of 2020, Frost & Sullivan

Notes:

1. Dupilumab was approved in China in June 2020, and recorded a sales of US$13.7 million in 2020 in China.

2. The data of intellectual property was extracted from Sanofi's annual report of 2020, which did not disclose details of its intellectual property in China.

3.3 Competitive Landscape of IL-4Rα-Targeted Drugs

The following table summarizes the status of clinical stage IL-4Rα drugs globally and in China.

Drug Code/INN	Company	Status	First Posted Date	Indications
		Global		
Dupilumab	Sanofi/Regeneron	Phase III	2019/4/19	COPD
		Phase III (finished)	2020/5/19	Eosinophilic esophagitis
		Phase III	2020/6/05	Moderate-to-severe atopic hand and foot dermatitis
		Phase III	2020/6/22	Allergic bronchopulmonary aspergillosis
		Phase II/III	2020/12/24	Allergic fungal rhinosinusitis
		Phase II	2019/12/20	Bullous pemphigoid
		Phase II (finished)	2018/7/15	Allergic rhinitis
		Phase II	2019/1/04	Peanut allergy
		Phase II	2020/3/05	Atopic keratoconjunctivitis
AZD1402	AstraZeneca	Phase II	2019/4/19	Asthma
CBP-201	Connect Biopharm	Phase II	2020/6/24	Moderate-to-severe Atopic Dermatitis
		Phase II	2021/3/05	CRSwNP
SHR-1819	Hengrui	Phase I	2021/2/26	Asthma
		China		
Dupilumab	Sanofi/Regeneron	Phase III	2018/12/13	Asthma
		Phase III	2019/10/08	COPD
		Phase III	2020/4/24	Chronic spontaneous urticaria
		Phase III	2020/4/29	Prurigo nodularis
		Phase III	2021/2/18	Allergic fungal rhinosinusitis
CM310	**Keymed Biosciences**	**Phase IIb**	**2021/1/28**	**Atopic dermatitis**
		Phase II	**2021/2/26**	**CRSwNP**
		Phase I (finished)	**2019/8/05**	**Asthma**
CBP-201	Connect Biopharm	Phase II	2020/11/20	Atopic dermatitis
QX005N	Qyuns Therapeutics	Phase I	2020/9/14	Atopic dermatitis
MG-K10	Mabgeek	Phase I	2020/10/15	Asthma
SHR-1819	Hengrui	Phase I	2021/2/01	Asthma

Source: Frost & Sullivan

According to public data, IL-4Rα antibodies are more effective for the treatment of asthma than IL-5, IL-5Rα and IgE antibodies in terms of reducing risk of exacerbation and improving forced expiratory volume.

4. ATOPIC DERMATITIS (AD)

4.1 Overview of AD

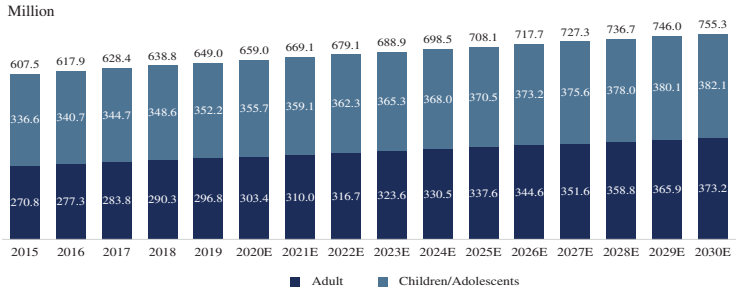
AD has a wide spectrum of clinical manifestations, ranging from minor forms such as pityriasis alba (dry depigmented patches) or hand eczema to severe forms with erythrodermic rash. AD can have a detrimental impact on the quality of life of patients, and can result in life-long social, academic, and occupational burdens on the patients and their families.

4.2 AD Patient Population Globally and in China

AD is one of the most common chronic pruritic inflammatory diseases, especially in children. Across the world, AD affects up to 20% of the children and adolescents and 1-5% of the adults. As illustrated in the chart below, the prevalence of AD reached 649.0 million in 2019 worldwide, with over 50% being children and adolescents, and it is estimated to further grow to 755.3 million by 2030. Among all AD patients, approximately 25%-30% patients have moderate-to-severe disease conditions.

Prevalence of AD Worldwide, 2015-2030E

Period	Adult	Children/Adolescents	Total
2015-2019	2.3%	1.1%	1.7%
2019-2024E	2.2%	0.9%	1.5%
2024E-2030E	2.0%	0.6%	1.3%

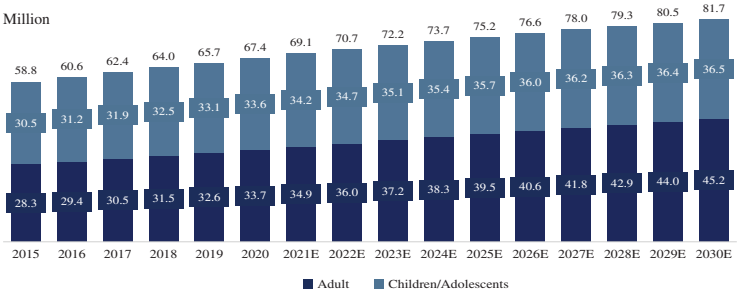


Source: Frost & Sullivan

The total number of AD patients in China had reached 65.7 million in 2019 with a CAGR of 2.8% from 2015 to 2019, of which a majority was children and adolescents. It is estimated to reach 73.7 million by 2024 and further grow to 81.7 million patients by 2030. The chart below sets forth the prevalence of AD in China broken down by adult and children/adolescents:

Prevalence of AD in China by Age of Patients, 2015-2030E

Period	Adult	Children/Adolescents	Total
2015-2019	3.6%	2.0%	2.8%
2019-2024E	3.3%	1.4%	2.3%
2024E-2030E	2.8%	0.6%	1.7%

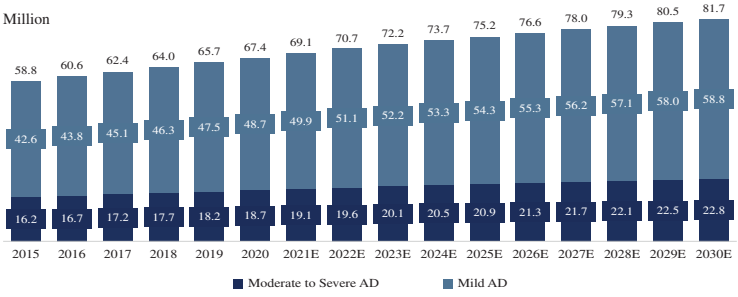


Source: Literature Review, Frost & Sullivan

The chart below sets forth the prevalence of AD in China broken down by moderate-to-severe and mild disease:

Prevalence of AD in China by Severity of Disease, 2015-2030E

CAGR	Moderate to severe AD	Mild AD	Total
2015-2019	2.9%	2.8%	2.8%
2019-2024E	2.4%	2.3%	2.3%
2024E-2030E	1.8%	1.7%	1.7%



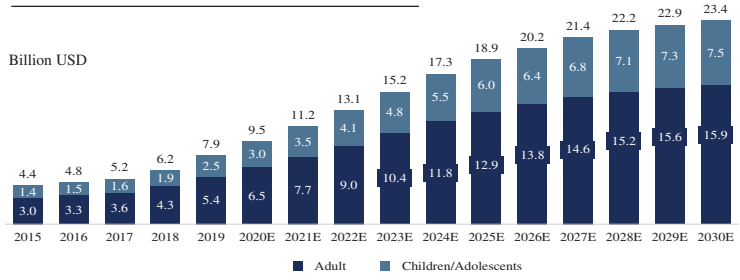
Source: Literature review, Frost & Sullivan analysis

4.3 Global and China AD Medication Market Size and Growth

As illustrated in the chart below, the global AD medication market of approved and prescribed products grew rapidly in recent years, from US$4.4 billion in 2015 to US$7.9 billion in 2019, representing a CAGR of 15.8%. Driven by the sales of dupilumab and other forthcoming biologic drugs, the market is expected to reach US$17.3 billion by 2024, representing a CAGR of 17.0% from 2019 to 2024, and further increase to US$23.4 billion by 2030, representing a CAGR of 5.1% from 2024 to 2030.

Global AD Medication Market, 2015-2030E

Period	Adult	Children/Adolescents	Total
2015-2019	15.7%	16.0%	15.8%
2019-2024E	16.8%	17.4%	17.0%
2024E-2030E	5.0%	5.4%	5.1%

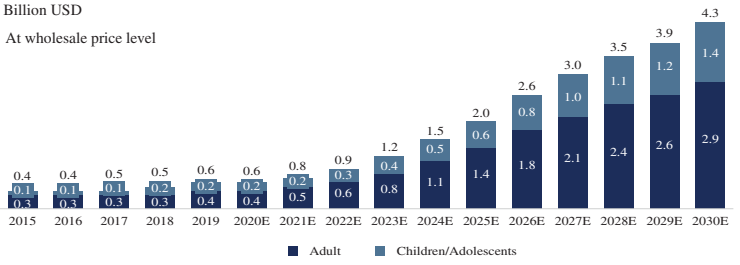


Source: Frost & Sullivan

As dupilumab was recently approved for marketing in China in 2020, China's AD medication market is expected to experience a rapid growth in the next few years. AD medication market in China is expected to increase from US$0.6 billion in 2019 to US$1.5 billion by 2024 at a CAGR of 22.6%, and further grow to US$4.3 billion by 2030, representing a CAGR of 18.6% from 2024 to 2030. The chart below sets forth the medication market for AD in China broken down by adult and children/adolescents:

AD Medication Market in China by Age of Patients, 2015-2030E

CAGR	Adult	Children/Adolescents	Total
2015-2019	10.3%	10.8%	10.5%
2019-2024E	22.5%	23.0%	22.6%
2024E-2030E	18.4%	18.9%	18.6%

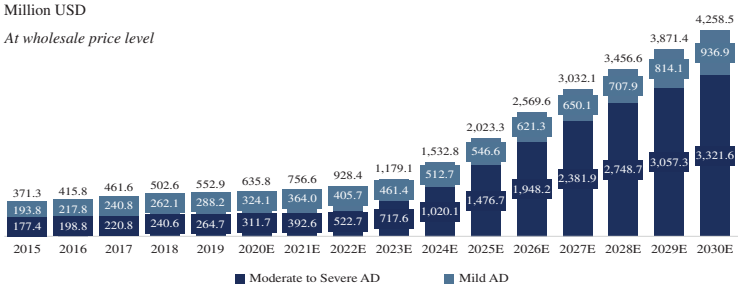


Source: Frost & Sullivan

The chart below sets forth the medication market for AD in China broken down by moderate-to-severe and mild disease:

Breakdown of China AD Medication Market by Severity of Disease, 2015-2030E

CAGR	Moderate to severe AD	Mild AD	Total
2015-2019	10.5%	10.4%	10.5%
2019-2024E	31.0%	12.2%	22.6%
2024E-2030E	21.7%	10.6%	18.6%



Source: Frost & Sullivan analysis

4.4 Treatment Paradigm of AD in China

Management of AD focuses on avoiding triggers, improving skin hydration, managing exacerbating factors, and reducing inflammation through topical and systemic immunosuppressant. Because of their ease of use and low cost, systemic steroids are the most commonly prescribed therapies for AD despite their serious adverse side effects.

For severe forms of AD, the therapeutic options are even more limited and mainly include systemic immunosuppressants, such as corticosteroids. Given the limitations of the traditional topical and systemic therapies for AD, there remains large yet unmet medical needs, especially for patients with more severe cases. Safer and more effective medications for AD, such as biologics and small-molecule targeted drugs, are greatly needed to supplement current treatment regimen. A major therapeutic approach for treating AD is to target pro-inflammatory cytokines and pathways involved in the pathogenesis of AD. In China and the U.S., dupilumab, a biologic drug, has been approved for the treatment of moderate-to-severe AD, and Pfizer's crisaborole (Staquis), a small-molecule targeted drug, has been approved for the treatment of mild-to-moderate AD. Crisaborole is a phosphodiesterase 4 (PDE-4) inhibitor that suppresses secretion of certain cytokines and improves skin barrier function through its anti-inflammatory effects. Based on this therapeutic approach, a number of biologic drugs and small-molecule targeted drugs are being developed for the treatment of AD.

4.5 Marketed and Clinical Stage Biologic Therapies and Small Molecule Targeted Drugs for AD Treatment Globally and in China

Biologic Therapies

Sanofi/Regeneron's dupilumab is the only biologic drug approved for the treatment of AD around the world.

INN	Brand Name	Administration	Target	Company	Indication Approval Date		NRDL	Price, RMB
					FDA	NMPA		
Dupilumab	Dupixent	Subcutaneous	IL-4Rα	Sanofi/Regeneron	2017/3/28	2020/6/17	√ (2020)	3,160/300mg

Source: Frost & Sullivan

The following table summarizes the competitive landscape of clinical-stage biologic drugs for AD in China and globally:

Drug Code/INN	Target	Company	Status	First Posted Date
		China		
CM310	**IL-4Rα**	**Keymed Biosciences**	**Phase IIb**	**2021/1/28**
CBP-201	IL-4Rα	Connect Biopharma	Phase II	2020/11/20
QX005N	IL-4Rα	Qyuns Therapeutics	Phase I	2020/9/14
		Global		
Tralokinumab	IL-13	LEO Pharma	BLA	2020/7/10
Nemolizumab	IL-13	Galderma R&D	Phase III	2019/12/30
Lebrikizumab	IL-13	Eli Lilly	Phase III	2020/6/15
GBR 830	OX40	Ichnos Sciences	Phase II (finished)	2018/5/31
Secukinumab (Cosentyx)	IL-17	Novartis	Phase II (finished)	2018/9/18
KHK4083	OX40	Kyowa Kirin	Phase II (finished)	2018/10/22
REGN3500	IL-33	Regeneron	Phase II (finished)	2018/11/13
Bermekimab	IL-1	Janssen	Phase II (finished)	2019/10/16
Etokimab	IL-33	AnaptysBio	Phase II	2018/5/23
Risankizumab (Skyrizi)	IL-23	AbbVie	Phase II	2018/12/27
Tezepelumab	TSLP	Amgen/AstraZeneca	Phase II	2019/3/15
AK120	IL-4R	Akesobio	Phase I	2020/2/5

Clinical trials with first posted date earlier than 2018/1/1 are not included due to no clinical progress.

Source: Frost & Sullivan

Small Molecule Targeted Drugs

Pfizer's crisaborole is the only small molecule targeted drug approved for the treatment of AD around the world.

INN	Brand Name	Administration	Target	Company	FDA	NMPA	NRDL	Price, RMB
Crisaborole	Staquis	External	PDE-4, PDE-4A, PDE-4B, PDE-4C, PDE-4D	Pfizer	2016/12/14	2020/07/29	/	450/package

Source: Frost & Sullivan

The following table summarizes the competitive landscape of clinical-stage small molecule targeted drugs for AD in China and globally:

Drug Code	Target	Company	Status	First Posted Date
Global				
PF-04965842(Abrocitinib)	JAK1	Pfizer	NDA	2020/11/3
Upadacitinib	JAK1	AbbVie	Phase III	2019/12/12
Tofacitinib	JAK2	Pfizer	Phase II	2020/1/29
Ruxolitinib	JAK1, JAK2	Novartis	Phase II	2021/4/9
China				
PF-04965842(Abrocitinib)	JAK1	Pfizer	NDA	2021/2/11
PG-011	JAK1	Beijing Puqi	Phase II	2021/4/12
HPP737	PDE-4	Hengyi	Phase II	2021/3/16
SHR0302	JAK1, STAT3	Ruishi	Phase II/III	2020/12/4
Jaktinib	JAK1, JAK2, JAK3	Suzhou Zelgen Biopharmaceuticals	Phase II	2020/9/7
Hemay808	PDE-4	TianJin HeMay Group	Phase II	2020/3/13

Source: Frost & Sullivan

5. CHRONIC RHINOSINUSITIS (CRS)

5.1 Overview of CRS

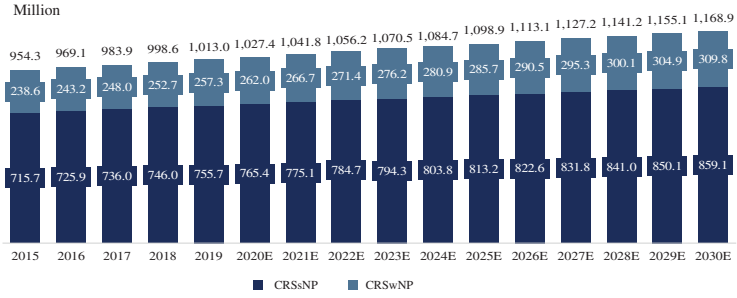
CRS includes two subgroups, CRS with nasal polyps (CRSwNP) and CRS without nasal polyps (CRSsNP). CRSwNP is characterized by the presence of fleshy swellings that develop in the lining of the nose and paranasal sinuses. Typical symptoms of CRS include nasal obstruction, nasal discharge, facial pain, and reduction or loss of smell. Patients with CRSwNP generally account for 15-25% of all CRS patients.

5.2 CRS Patient Population Globally and in China

As illustrated by the chart below, the number of CRS patients globally increased from 954.3 million to 1.0 billion in 2019. This number is expected to further grow to 1.1 billion and 1.2 billion by 2024 and 2030, respectively.

Prevalence of CRS Worldwide, 2015-2030E

CAGR	CRSwNP	CRSsNP	CRS
2015-2019	1.9%	1.4%	1.5%
2019-2024E	1.8%	1.2%	1.4%
2024E-2030E	1.6%	1.1%	1.3%

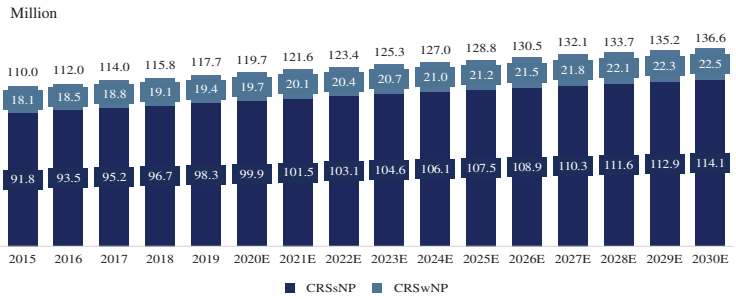


Source: Literature Review, Frost & Sullivan

As illustrated by the chart below, the number of CRS patients in China reached 117.7 million in 2019, and is expected to increase to 127.0 million and 136.6 million by 2024 and 2030, respectively.

Prevalence of CRS in China, 2015-2030E

CAGR	CRS
2015-2019	1.7%
2019-2024E	1.5%
2024E-2030E	1.2%



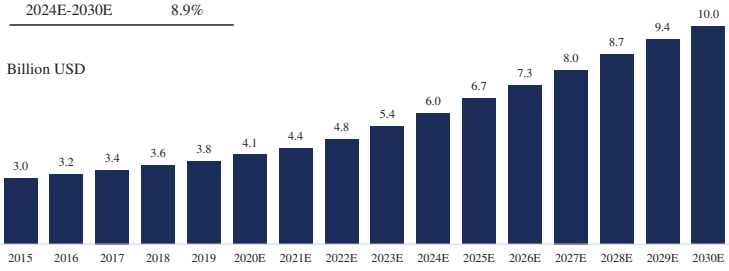
Source: Literature Review, Frost & Sullivan

5.3 Global and China CRS Medication Market Size and Growth

The global CRS medication market is driven by a huge potential patient pool. The global CRS medication market size is expected to further grow from USD6.0 billion in 2024 to USD10.0 billion in 2030, representing a CAGR of 9.4% from 2019 to 2024 and 8.9% from 2024 to 2030.

Global CRS Medication Market, 2015-2030E

Period	CAGR
2015-2019	6.6%
2019-2024E	9.4%
2024E-2030E	8.9%

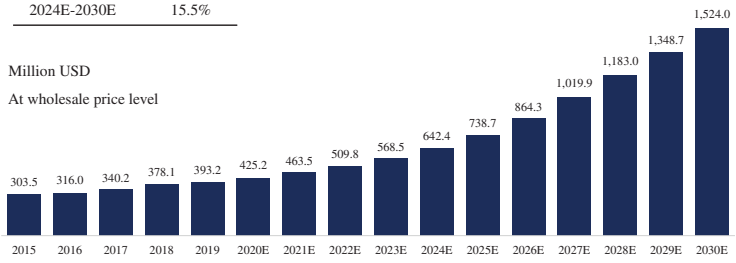


Source: Frost & Sullivan

From 2019 to 2024, the market of approved and prescribed CRS medications in China is going to reach US$642.4 million with a CAGR of 10.3%. In addition, the CRS medication market in China is forecasted to be US$642.4 million and US$1,524.0 million by 2024 and 2030 with a CAGR of 15.5%.

CRS Medication Market in China, 2015-2030E

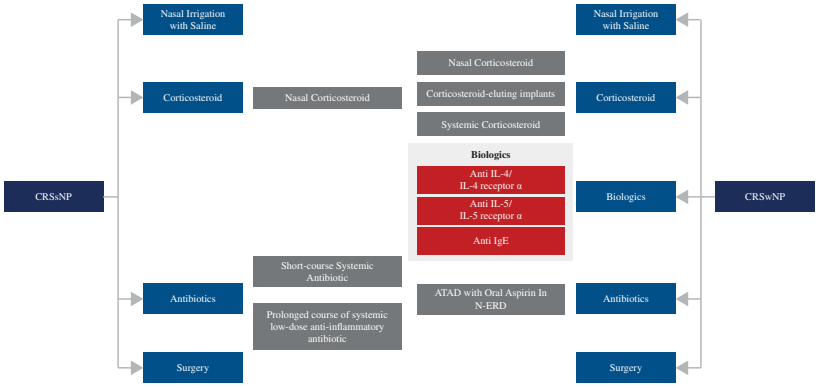
Period	CAGR
2015-2019	6.7%
2019-2024E	10.3%
2024E-2030E	15.5%



Source: Frost & Sullivan

5.4 Treatment Paradigm of CRS

CRS is a challenging condition to cure, and the patients usually need appropriate long-term treatment plan to manage symptoms. Medications are usually the first approach and surgery may sometimes be needed. Glucocorticoids are frequently used to treat CRS due to their potent anti-inflammatory effects. If glucocorticoids are not effective, biologics may be employed to reduce the size of polyps and lessen congestion, especially for refractory CRSwNP. The following diagram illustrates the treatment paradigm of CRS:



ATAD: Aspirin Treatment After Desensitization; N-ERD: NSAID-exacerbated respiratory disease

* ATAD is a type of antibiotics which is used to decrease disease activity and reduce the need for systemic corticosteroids in patients with aspirin-exacerbated respiratory disease. While it can be used as a treatment option for uncontrolled N-ERD, such as CRS with or without NP and asthma, its discontinuation rate is high due to significant adverse effects and heavy patient burden caused by daily-basis administration in a long treatment period and its efficacy on the treatment for CRSwNP as a systemic therapy is limited as compared to targeted therapies, such as anti-IL-4Rα antibody. Therefore, ATAD does not compete directly with CM310.

Source: EPOS 2020, Frost & Sullivan

5.5 Marketed and Clinical-Stage Biologic Therapies for CRS Treatment Globally and in China

The following table summarizes the status of biologic drugs approved for the treatment of CRSwNP in China and globally. There has not been any biologic drugs approved for CRSsNP globally.

INN	Trade Name	Administration	Target	Company	Indication Approval Date		NRDL Price	
					FDA	NMPA		
Omalizumab	Xolair	Subcutaneous	IgE	Roche/Novartis	2020/11/30	–	–	–
Dupilumab	Dupixent	Subcutaneous	IL-4Rα	Sanofi/Regeneron	2019/06/20	–	–	–

Source: Frost & Sullivan

The following table summarizes the status of clinical-stage biologic drugs for CRSwNP treatment in China and globally. There have not been any biologic drugs in clinical trials for CRS.

Drug Code/INN	Target	Company	Status	First Posted Date
		Global		
Etokimab	IL-33	AnaptysBio	Phase II	2018/08/03
Benralizumab	IL-5Rα	AstraZeneca	Phase III	2019/11/8
Mepolizumab	IL-5	GSK	Phase III	2020/10/28
CBP-201	IL-4Rα	Connect Biopharma	Phase II	2021/3/5
		China		
Benralizumab	IL-5Rα	AstraZeneca	Phase III	2020/06/02
CM310	**IL-4Rα**	**Keymed Biosciences**	**Phase II**	**2021/02/26**
Tezepelumab	TSLP	Amgen/AstraZeneca	Phase III	2021/3/25

Source: Frost & Sullivan

According to Frost & Sullivan, there has not been any approved or clinical-stage small molecule targeted drugs for the treatment of CRS in China or globally.

6. ASTHMA

6.1 Overview of Asthma

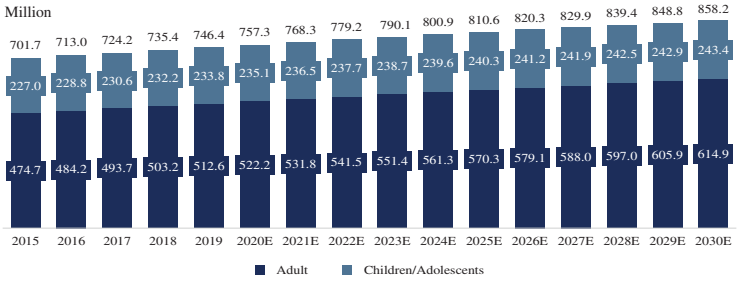
Asthma is a condition that affects the lungs and respiratory functions. For a significant number of patients, asthma may be a major problem that interferes with daily activities and may potentially lead to life-threatening asthma attacks. There is an inherited tendency towards the development of asthma which is related to a hypersensitivity reaction of the immune response.

6.2 Asthma Patient Population Globally and in China

Asthma is a globally prevalent disease with major public health consequences for both children/adolescents and adults, including high mortality in severe cases. The number of patients with asthma was 746.4 million worldwide in 2019, with a CAGR of 1.6% during 2015 and 2019. As illustrated in the chart below, this number is expected to rise and approach 800.9 million in 2024 and 858.2 million in 2030, respectively. Patients with moderate-to-severe asthma accounts for approximately 41% of all asthma patients.

Prevalence of Asthma Worldwide, 2015-2030E

CAGR	Adult	Children/Adolescents	Total
2015-2019	1.9%	0.7%	1.6%
2019-2024E	1.8%	0.5%	1.4%
2024E-2030E	1.3%	0.2%	1.0%

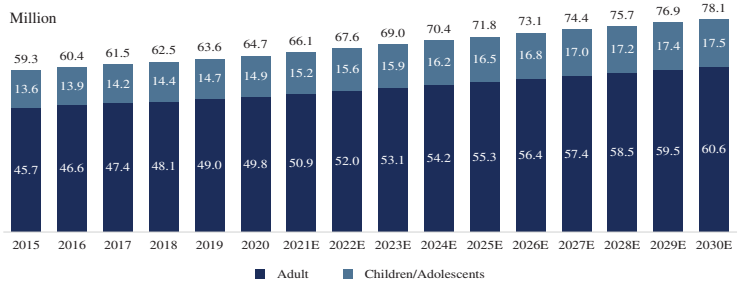


Source: Literature Review, Frost & Sullivan

The number of asthma patients in China is increasing at a similar pace as that around the globe. From 2015 to 2019, the number of patients in China increased from 59.3 million to 63.6 million, representing a CAGR of 1.8%. This number is expected to reach 70.4 million by 2024, representing a CAGR of 2.1% from 2019 to 2024, and further grow to 78.1 million by 2030, representing a CAGR of 1.7% from 2024 to 2030. The chart below sets forth the prevalence of asthma in China broken down by adult and children/adolescents:

Prevalence of Asthma in China by Age of Patients, 2015-2030E

CAGR	Adult	Children/Adolescents	Total
2015-2019	1.7%	1.8%	1.8%
2019-2024E	2.0%	2.1%	2.1%
2024E-2030E	1.9%	1.3%	1.7%

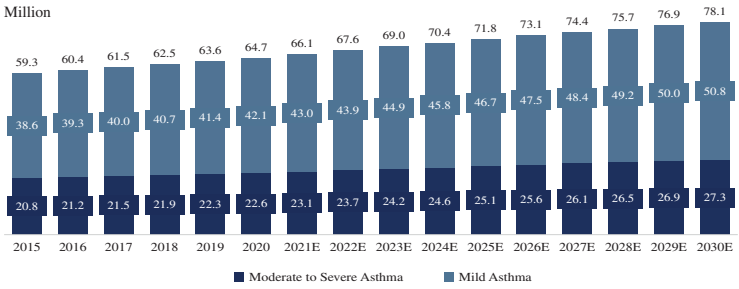


Source: Literature Review, Frost & Sullivan

The chart below sets forth the prevalence of asthma in China broken down by moderate-to-severe and mild disease:

Prevalence of Asthma in China by Severity of Disease, 2015-2030E

CAGR	Moderate to Severe Asthma	Mild Asthma	Total
2015-2019	1.8%	1.8%	1.8%
2019-2024E	2.1%	2.1%	2.1%
2024E-2030E	1.7%	1.7%	1.7%

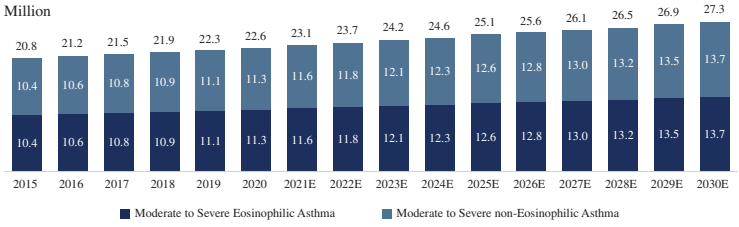


Source: Literature review, Frost & Sullivan analysis

The chart below sets forth the prevalence of moderate-to-severe asthma in China broken down by eosinophilic and non-eosinophilic disease:

Prevalence of Moderate to Severe Asthma in China, 2015-2030E

CAGR	Moderate to Severe Eosinophilic Asthma	Moderate to Severe non-Eosinophilic Asthma	Moderate to Severe Asthma
2015-2019	1.8%	1.8%	1.8%
2019-2024E	2.1%	2.1%	2.1%
2024E-2030E	1.7%	1.7%	1.7%



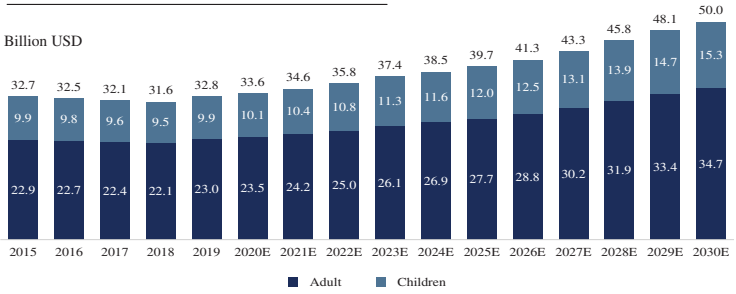
Source: Literature review, Frost & Sullivan analysis

6.3 Global and China Asthma Medication Market Size and Growth

Along with the expected growth of the patient population, the global market of approved and prescribed asthma medications is expected to grow gradually in next ten years. As illustrated in the chart below, the market is expected to reach US$38.5 billion and US$50.0 billion by 2024 and 2030, respectively, driven by the sales of marketed and other forthcoming biologic drugs.

Global Asthma Medication Market, 2015-2030E

CAGR	Adult	Children	Total
2015-2019	0.1%	0.05%	0.1%
2019-2024E	3.2%	3.3%	3.2%
2024E-2030E	4.3%	4.7%	4.4%

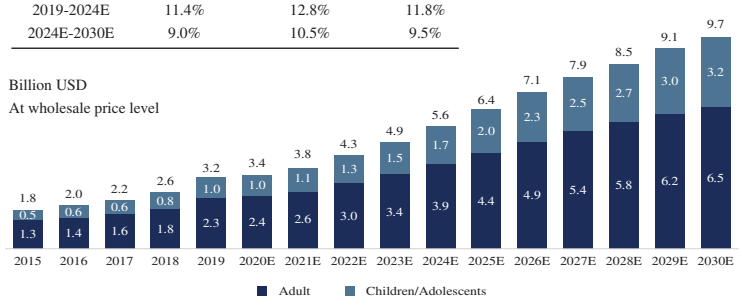


Source: Frost & Sullivan

Due to the increase in affordability and accessibility of innovative drugs in China, the asthma medication market is expected to rapidly grow in recent years at a greater pace than the global rate, from US$3.2 billion in 2019 to US$5.6 billion by 2024, representing a CAGR of 11.8%, and it is expected to further increase to US$9.7 billion by 2030, representing a CAGR of 9.5% from 2024 to 2030. The chart below sets forth the medication market for asthma in China broken down by adult and children/adolescents:

China Asthma Medication Market by Age of Patients*, 2015-2030E

CAGR	Adult	Children/Adolescents	Total
2015-2019	15.0%	16.4%	15.4%
2019-2024E	11.4%	12.8%	11.8%
2024E-2030E	9.0%	10.5%	9.5%



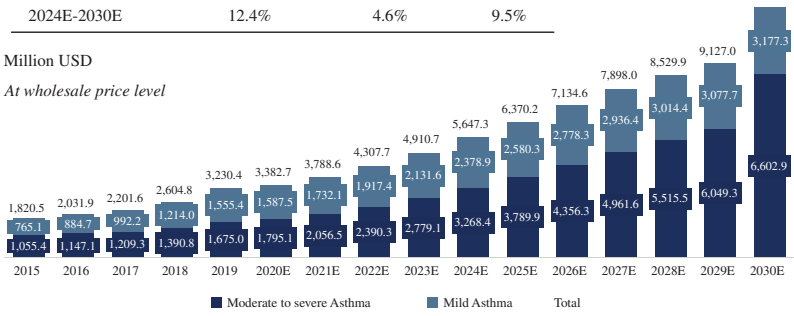
* The size of this market does not account for volume-based procurement of inhaled corticosteroids.

Source: Frost & Sullivan

The chart below sets forth the medication market for asthma in China broken down by moderate-to-severe and mild disease:

China Asthma Medication Market* by Severity of Disease, 2015-2030E

CAGR	Moderate to severe Asthma	Mild Asthma	Total
2015-2019	12.2%	19.4%	15.4%
2019-2024E	14.3%	8.9%	11.8%
2024E-2030E	12.4%	4.6%	9.5%



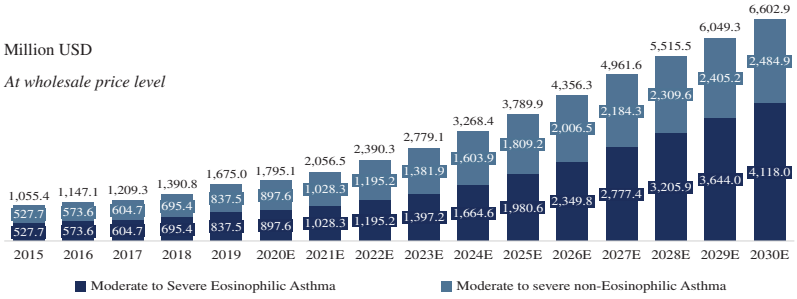
* The size of this market does not account for volume-based procurement of inhaled corticosteroids.

Source: Frost & Sullivan analysis

The chart below sets forth the medication market for moderate-to-severe asthma in China broken down by eosinophilic and non-eosinophilic disease:

China Moderate to Severe Asthma Medication Market*, 2015-2030E

CAGR	Moderate to Severe Eosinophilic Asthma	Moderate to Severe non-Eosinophilic Asthma	Moderate to severe Asthma
2015-2019	12.2%	12.2%	12.2%
2019-2024E	14.7%	13.9%	14.3%
2024E-2030E	16.3%	7.6%	12.4%



* The size of this market does not account for volume-based procurement of inhaled corticosteroids.

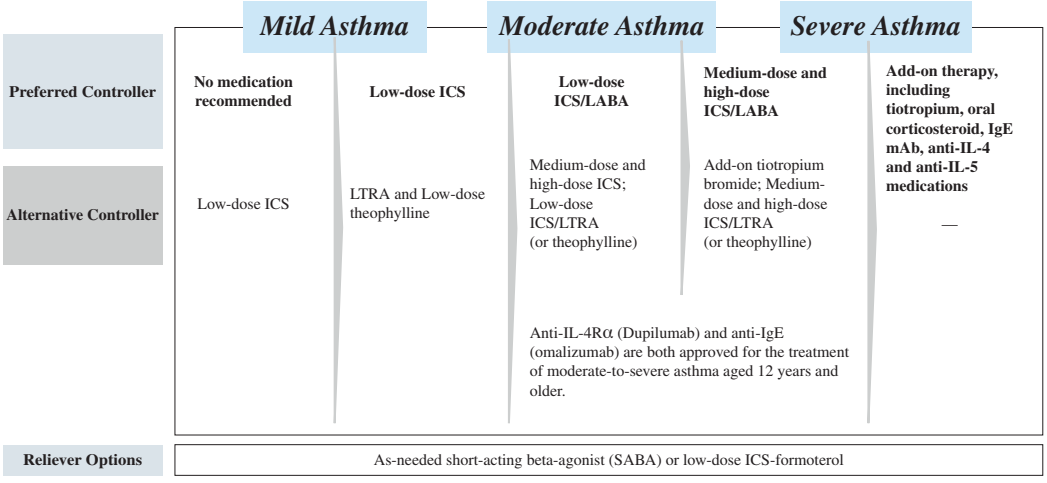
Source: Frost & Sullivan analysis

6.4 Treatment Paradigm of Asthma in China

Treatment for asthma focuses on controlling symptoms and reducing the risk of exacerbation. Asthma treatment is modified in a continuous cycle of assessment, treatment, adjustment and review response. Medications for asthma include controllers and relievers. The fundamental treatment is the inhaled corticosteroids with different dosages and in combination with other medications, including biologics.

Once a patient is diagnosed with asthma, physicians prescribe medicine depending on the severity of the disease, in an attempt to enhance the patient's lung function and increase the probability of recovery. The chart below displays the treatment plan for adults and adolescents with asthma in China:

Treatment Paradigm for Asthma Patients



Notes:

* The treatment options can be applied to adults, adolescents and children ≥ 6 years old; theophylline is not recommended for children ≤ 12 years old.

* ICS: Inhaled corticosteroids; LTRA: Leukotriene receptor antagonist; LABA: Long-acting beta2-agonist; SABA: Short-acting beta2-agonist. Several biologics have been approved for clinical trials in moderate-to-severe asthma.

* For asthma patients, prefer controller is the preferred treatment option based on the patient's assessment of disease progress and symptoms. Alternative controller is an alternative treatment strategy in clinical treatment where the best treatment option is not determined.

Source: Asthma Group of Chinese Thoracic Society, Frost & Sullivan

Inhaled corticosteroids (ICS) are widely used for long-term treatment of asthma in people of all ages who require daily management. Long-acting beta2-agonist (LABA), long-acting muscarinic antagonist (LAMA), short-acting beta2-agonist (SABA), and short-acting muscarinic antagonist (SAMA) are chemically synthesized bronchodilators for the treatment of asthma. In the patients with moderate-to-severe asthma, the treatment with ICS and bronchodilators alone may not be effective enough to control the disease due to a variety of factors including tolerance after long-term administrations and unwanted side effects. For these patients, biologics have a more important role in disease management and can work as an add-on treatment with LABA, LAMA, SABA, SAMA and/or ICS. Therefore, these typical treatment modalities do not compete directly with CM310.

6.5 Limitations in the Current Asthma Therapies and Unmet Clinical Needs

Conventional treatment options, such as inhaled and oral corticosteroids, are lack of effectiveness in controlling moderate and severe asthma conditions. As asthma has a complex and heterogeneous nature and many patients have unique phenotypes such as eosinophilic or neutrophilic asthma, no efficacious therapy besides surgical measures has been established yet. Moreover, the maintenance treatment of systemic corticosteroids can cause dose-dependent growth suppression and a series of severe adverse effects in children and adolescents, which leaves them with even more limited treatment options. Given these limitations, there remains to be unmet medical needs for treatment options with efficacy over a broad range of asthma severities and subtypes to improve the outcome of asthma treatments.

6.6 Marketed and Clinical Stage Biologic Therapies and Small Molecule Targeted Drugs for Asthma Treatment Globally and in China

Biologic Therapies

The following table summarizes the status of approved biologic therapies for the treatment of asthma in China and globally.

INN	Brand Name	Administration	Target	Company	Indication Approval Date		NRDL	Price (RMB)
					FDA	NMPA		
Omalizumab	Xolair	Subcutaneous	IgE	Roche/Novartis	2003/6/20	2017/08/24	√	1,406/150mg
Mepolizumab*	Nucala	Subcutaneous	IL-5	GSK	2015/11/04	–	–	–
Reslizumab	Cinqair	Intravenous infusion	IL-5	TEVA	2016/3/23	–	–	–
Benralizumab	Fasenra	Subcutaneous	IL-5Rα	AstraZeneca	2017/11/14	–	–	–
Dupilumab	Dupixent	Subcutaneous	IL-4Rα	Sanofi/Regeneron	2018/10/19	–	–	–

Mepolizumab applied for NDA in China on July 6, 2020.

Source: Frost & Sullivan

The following table summarizes the status of clinical stage biologic drugs for the treatment of asthma in China and globally.

Drug Code/INN	Target	Company	Status	First Posted Date
		China		
Dupilumab	IL-4Rα	Sanofi/Regeneron	Phase III	2018/12/13
Benralizumab	IL-5Rα	AstraZeneca	Phase I	2019/3/28
CM310	**IL-4Rα**	**Keymed Biosciences**	**Phase I (finished)**	**2019/8/05**
Tezepelumab	TSLP	Amgen AstraZeneca	Phase I (asthma aged 12 years and older)	2020/3/16
			Phase III (Adult with severe asthma)	2019/7/15
			Phase III (severe asthma)	2017/7/26
610	IL-5	Guojian Pharmaceutical	Phase I	2020/3/17
HS632	IgE	Hisun	Phase I	2020/4/29
SHR-1703	IL-5	Hengrui	Phase I	2020/7/15
MG-K10	IL-4Rα	Mabgeek	Phase I	2020/10/15
SYB507	IgE	Yuanda Shuyang	Phase I	2020/11/09
CMAB007	IgE	Fudan-Zhangjiang	Phase I	2020/12/09
SHR-1819	IL-4Rα	Hengrui	Phase I	2021/2/01

Drug Code	Target	Company	Status	First Posted Date
		Global		
Tezepelumab	TSLP	Amgen/AstraZeneca	BLA (severe asthma)	2021/5/10
			Phase I (asthma children)	2020/12/17
GSK3511294	IL-5	GSK	Phase III	2021/1/22
GSK3772847	IL-33	GSK	Phase II	2017/7/02
CJM112	IL-17	Novartis	Phase II	2017/10/03
SAR440340/REGN3500	IL-33	Sanofi/Regeneron	Phase II	2018/1/02
AZD1402	IL-4Rα	AstraZeneca	Phase II	2019/4/19
RG6173/MTPS9579A	Tryptase inhibitors	Genentech	Phase II	2019/9/17
CSJ117	TSLP	Novartis	Phase II	2020/6/01
SelK2	PSGL-1	Tetherex Pharmaceutical	Phase II	2020/9/07
TEV-48574	CGRP	Teva Pharmaceutical	Phase II	2020/9/11
MEDI3506	IL-33	AstraZeneca	Phase II	2020/9/30
Tregalizumab	CD4	T-Balance Therapeutics	Phase II	2020/12/17
CBP-201	IL-4Rα	Connect Biopharma	Phase II	2021/2/26
Itolizumab/EQ001	CD6	Biocon/Equillium	Phase I	2019/7/05
CSL311	IL-5	CSL Behring	Phase I	2019/9/09
610	IL-5	Sunshine Guojian	Phase I	2020/6/24
SHR-1703	IL-5	Hengrui	Phase I	2020/7/21
SHR-1819	IL-4Rα	Hengrui	Phase I	2021/2/26

Source: Frost & Sullivan

Small Molecule Targeted Drugs

As of the Latest Practicable Date, there had not been any small molecule targeted drugs approved for asthma anywhere in the world. The following table summarizes the status of clinical-stage small molecule targeted drugs for the treatment of asthma in China.

Drug Code	Target	Company	Status	First Posted Date
		China		
Repirinast	HR	Kaifeng Pharmaceutical(Group)	Phase II	2013/11/14

Drug Code	Target	Company	Status	First Posted Date
		Global		
GDC-4379	/	Genentech	Phase 1	2019/2/18
AP01	/	Avalyn Pharma Pty Ltd	Phase 1	2018/11/12

Source: Frost & Sullivan

7. CHRONIC OBSTRUCTIVE PULMONARY DISEASE (COPD)

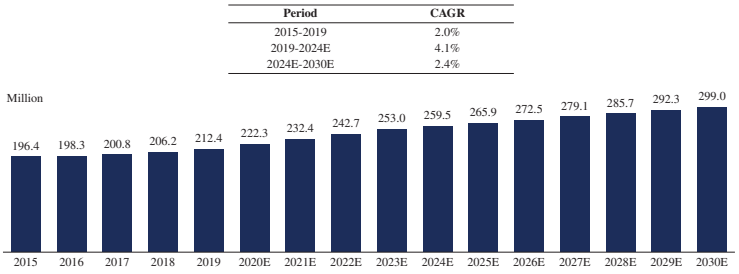
7.1 Overview of COPD

COPD is a chronic inflammatory lung disease which causes obstructed air flow from the lungs. It consists of three separate illnesses: emphysema, chronic bronchitis, and chronic obstructive asthma. COPD causes the destruction of barriers between alveoli inside lungs, causing airways getting swollen and clogged with mucus. In most cases, COPD develops very slowly and symptoms may come over years before being diagnosed.

7.2 COPD Patient Population Globally and in China

As illustrated in the chart below, the number of COPD patients worldwide reached 212.4 million people in 2019, representing a CAGR of 2.0% from 2015 to 2019. This number is expected to experience a faster growth rate at a CAGR of 4.1% from 2019 to 2024 and reach 259.5 million by 2024. It is expected to further grow to 299.0 million by 2030, representing a CAGR of 2.4% from 2024 to 2030.

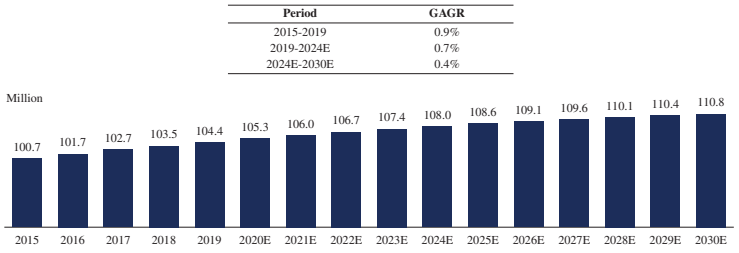
Prevalence of COPD Worldwide, 2015-2030E



Source: Literature research, the Global Bureau of Disease Study (GBD), Frost & Sullivan analysis

As illustrated in the chart below, the number of COPD patients in China was 104.4 million in 2019. Driven by the exposure of risk factors and the aging of the population, this number is expected to increase in the next few years, and further grow to 110.8 million by 2030.

Prevalence of COPD in China, 2015-2030E



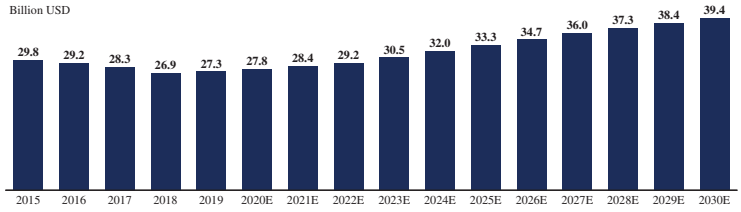
Source: Frost & Sullivan

7.3 Global and China COPD Medication Market Size and Growth

COPD is recognized as a disease with heavy medical burden globally and there remains to be large unmet needs for the evaluation and treatment of patients with COPD, especially in the aspects of misdiagnosis. According to the Frost & Sullivan Report, the diagnosis rate of COPD in China is only 26.8% and the control rate of COPD patients in China is only 5.4%.

Global COPD Medication Market, 2015-2030E

Period	CAGR
2015-2019	-2.2%
2019-2024E	3.2%
2024E-2030E	3.5%

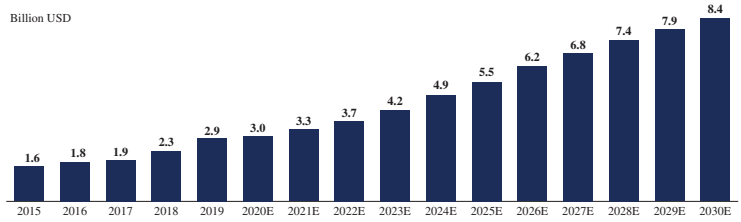


Source: Frost and Sullivan

The COPD medication market in China has great potential. The market size is expected to further grow to US$4.9 billion in 2024 and US$8.4 billion in 2030, representing a CAGR of 11.0% from 2019 to 2024, 9.5% from 2024 to 2030.

COPD Medication in China, 2015-2030E

Period	CAGR
2015-2019	15.1%
2019-2024E	11.0%
2024E-2030E	9.5%



Source: Frost & Sullivan

7.4 Clinical Stage Biological Therapies for COPD Treatment Globally

The following table summarizes the status of clinical stage biologic drugs for the treatment of COPD globally.

Drug Code/INN	Target	Company	Status	First Posted Date
		Global		
Benralizumab	IL-5Rα	AstraZeneca	Phase III (finished)	2019/08/12
Dupilumab	IL-4Rα	Sanofi/Regeneron	Phase III	2019/04/29
Mepolizumab	IL-5	GSK	Phase III	2019/08/30
Itepekimab	IL-33	Sanofi/Regeneron	Phase III	2021/01/08
Tezepelumab	TSLP	Amgen/ AstraZeneca	Phase II	2019/07/31
SelK2	PSGL-1	Tetherex Pharmaceutical	Phase II	2020/09/07
		China		
Dupilumab	IL-4Rα	Sanofi/Regeneron	Phase III	2019/10/08
Mepolizumab	IL-5	GSK	Phase III	2021/02/02

Source: Frost & Sullivan

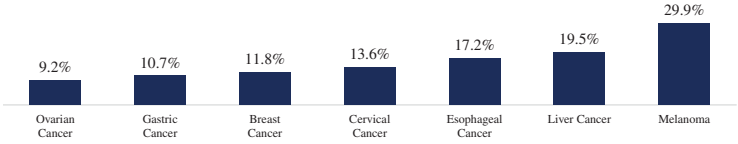
8. GLOBAL AND CHINA ONCOLOGY BIOLOGICS MARKET OVERVIEW

8.1 Limitation of Current Immuno-Oncology Therapy

While immuno-oncology therapies revolutionized the treatment for cancer in the past decades, the currently available immuno-oncology therapies have limited response rate. For example, as illustrated in the chart below, only 10% to 30% of solid tumors are responsive to anti-PD-1/PD-L1 therapies in general, and the primary or acquired resistance might eventually

lead to cancer progression in patients with clinical response. As PD-1 antibodies work to activate the immune system, they sometimes result in undesired immune-related adverse events (irAEs) when the immune system is over-activated.

Response Rate to PD-1/PD-L1 Inhibitors



Source: Literature Review, NCCN, Frost & Sullivan

8.2 Promising New Treatment Options across Modalities

8.2.1 Overview and Competitive Advantages of Antibody Drug Conjugates (ADC)

ADCs are complex molecules composed of an antibody linked to a biologically active cytotoxic (anticancer) agent, which are only intended to target and kill cancer cells. Compared to antibodies, chemotherapies and small molecule inhibitors, ADCs have certain competitive advantages. Antibody portion of ADCs can selectively bind to cancer cells with specific target, which direct the payload of ADC to the cancer cells specifically. With respect to cytotoxicity, chemo payload provides sufficient cytotoxicity to destroy cancer cells and due to its cancer cell targeting feature, ADCs may treat patients with a higher dosage than conventional chemotheraphies. Furthermore, ADCs have shown more favorable drug resistance profile. Optimized ADCs combination of antibody and payload may help to reduce, or even overcome drug resistance.

8.2.2 Overview and Competitive Advantages of Bispecific T-Cell Engager

T cell engagers are a growing class of bispecific antibodies that simultaneously bind to a target antigen on a tumor cell and a stimulatory receptor (e.g. CD3) on a T cell in order to redirect T cells to attack target cells. By establishing a bridge between immune cells and cancer cells, T cell engagers can trigger signaling cascades that lead to the destruction of cancer cells. Notably, one of the two approved bispecific antibodies is a T cell engager.

CD3-targeting T cell engagers is the largest group of T cell engagers targeted both CD3 on T cell and a tumor associated antigen. Normally, T cells only direct their cytotoxic activity towards cells expressing major histocompatibility class (MHC) molecules loaded with epitopes they recognize through the T-cell receptor (TCR). CD3-targeting T cell engagers can effectively elicit T-cell response without triggering MHC/TCR interaction, and they are not affected by escape mechanisms involving downregulation of antigen presentation. As observed in the clinical trials of multiple CD3-targeting T cell engagers, this type of therapeutics demonstrated higher effectiveness in tumor killing and an improved safety profile as compared to monoclonal antibodies.

9. GASTRIC CANCER (GC)

9.1 Overview of GC

GC is a disease in which the cells forming the inner lining of the stomach become abnormal and start to divide uncontrollably, forming a cancerous tumor mass. Symptoms and outcomes of the disease vary depending on the location of the cancer. GC is one of the leading causes of cancer deaths in the world. Annually, almost one million people will be diagnosed worldwide with GC and over 800 thousand will die from the disease. More than 90% of GC are caused by adenocarcinomas, malignant cancers that originate in glandular tissues.

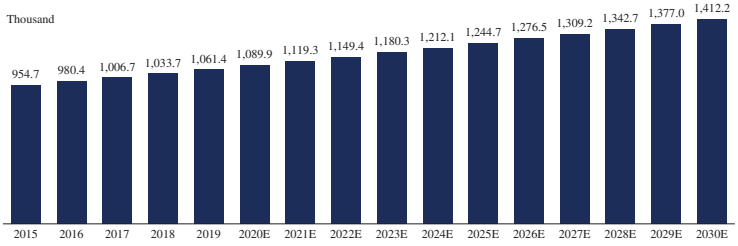
Claudins are a family of proteins which form the important components of the tight cell junctions. They establish a paracellular barrier which controls the flow of molecules between the cells. Isoform 2 of the tight junction molecule Claudin-18, Claudin 18.2, is a highly selective cell lineage marker, with its expression in normal tissues strictly confined to differentiated epithelial cells of the gastric mucosa. According to the Frost & Sullivan, Claudin 18.2 is over expressed in the cancer tissues of approximately 60% of GC patients.

9.2 Incidence of GC Globally and in China

GC affects a large population worldwide. As illustrated in the charts below, the number of new diagnosis for GC globally increased from approximately 1.0 million in 2015 to approximately 1.1 million in 2019 (including approximately 455,800 in China). The total number of new GC cases worldwide is forecasted to reach 1.2 million by 2024 (including approximately 525,800 in China), and to 1.4 million by 2030 (including approximately 613,800 in China).

Global New Cases of GC, 2015-2030E

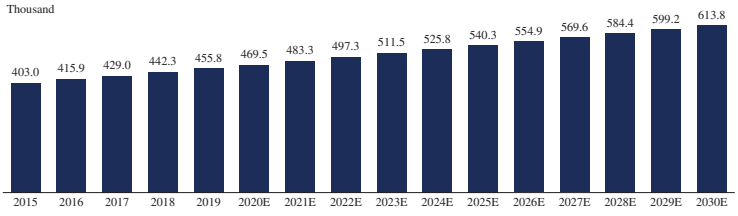
Period	CAGR
2015-2019	2.7%
2019-2024E	2.7%
2024E-2030E	2.6%



Source: Frost & Sullivan

New Cases of GC in China, 2015-2030E

Period	CAGR
2015-2019	3.1%
2019-2024E	2.9%
2024E-2030E	2.6%



Source: Frost & Sullivan

9.3 Unmet Clinical Needs in GC

There are huge unmet clinical needs for developing novel therapies that are more effective for the treatment of GC. The current treatment of advanced GC has tremendous limitations, as there are very limited targeted therapies available, and the treatment paradigm is largely dominated by chemotherapy, which has a low benefit-risk ratio. The five-year survival rate of gastric cancers was merely 35.1% and 31.5% in China and the U.S., respectively. Since the approval of trastuzumab in 2010, there have been only four approved biologic therapies for the treatment of GC. In addition, for patients with HER2-negative GC, which accounts for 78% of all patients, currently only chemotherapy is available as first-line treatment.

10. COMPETITIVE LANDSCAPE OF CLAUDIN 18.2 TARGETED THERAPIES

Given Claudin 18.2 is frequently over-expressed in patients with GC and pancreatic cancer, the development of Claudin 18.2-targeted therapies is a promising therapeutic option that attracts extensive research attention in recent years. Although there has not been any marketed Claudin 18.2-targeted therapy globally as of the Latest Practicable Date, there are multiple clinical-stage pipeline products as summarized in the chart below. As of the Latest Practicable Date, there were no approved or clinical-stage TCR-T candidates targeting Claudin 18.2 or Claudin 18.2-targeting small molecule drugs worldwide.

Drug Code/INN	Company	Status	First Posted Date	Indications	Site
mAbs					
Zolbetuximab (IMAB362)	Astellas Pharma	Phase III	2019/4/19	Locally Advanced/Metastatic Unresectable Gastroesophageal Junction Adenocarcinoma, Locally Advanced/Metastatic Unresectable Gastric Adenocarcinoma	U.S., Australia, Belgium etc. (220 study locations)
BNT141	BioNTech SE	Phase I/II	2020/12/24	Solid tumor	Undisclosed
MIL93	Beijing Mabworks Biotechs	Phase I	2020/12/02	Advanced Solid Tumors	China
ASKB589	Jiangsu Aosaikang Pharmaceuticals	Phase I/II	2020/10/29	Locally Advanced or Metastatic Solid Tumors	China
TST001	Mabspace Biosciences	Phase I	2020/8/03	Advanced Solid Tumors	China
AB011	Carsgen Therapeutics	Phase I	2020/5/21	Gastric Cancer and Pancreatic Cancer	China
AMG910	Amgen	Phase I	2020/2/07	Gastric and Gastroesophageal Junction Adenocarcinoma	U.S., Australia, Germany
ADC					
CMG901	**Keymed Biosciences/ Lepu Biopharma**	**Phase I**	**2020/12/09**	**Advanced Solid Tumors**	**China**
CAR-T					
CT041	Carsgen Therapeutics	Phase Ib/II	2020/10/09	Gastric Adenocarcinoma, Gastroesophageal Junction Adenocarcinoma, Advanced Pancreatic Cancer that Has Failed at Least First-line Treatment	China

* *First posted date denotes the date when the trial is first publicly announced.*

Source: Frost & Sullivan

10.1 Overview of Claudin 18.2 Targeted ADC

Boosted by the successes of FDA-approved Adcetris® and Kadcyla®, ADC has been rapidly growing class of therapies with about 60 ADCs currently in clinical trials. Current efforts in the conjugation and linker chemistries will provide greater insights into molecular design and strategies for clinically effective ADCs from medicinal chemistry and pharmacology standpoints. The development of site-specific conjugation methodologies for constructing homogeneous ADCs is an especially promising path to improving ADC design, which will open the way for novel cancer therapeutics.

Claudine 18.2 is a protein highly selectively and stably expressed in specific tumor tissues, including gastric cancer and pancreatic cancer cells, which participates in proliferation, differentiation and migration of tumor cells. Normally, Claudin 18.2 is not expressed in healthy tissues, which makes it an ideal target for the development of cancer therapeutics. Claudin 18.2-targeted ADC enables selective delivery of a potent cytotoxic payload to target gastric cancer and pancreatic cancer cells, resulting in improved efficacy, reduced systemic toxicity, and preferable PK/PD and biodistribution compared to traditional chemotherapy. As of the Latest Practicable Date, there had been no marketed Claudin 18.2-targeted ADC worldwide. Globally, CMG901 is the only Claudin 18.2-targeted ADC that entered into clinical development.

REPORT COMMISSIONED BY FROST & SULLIVAN

In connection with the Global Offering, we have engaged Frost & Sullivan to conduct a detailed analysis and prepare an industry report on the worldwide and China market. 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. The contract sum to Frost & Sullivan is RMB0.6 million 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 report in connection with the Global Offering. We have included certain information from the Frost & Sullivan Report in this prospectus because we believe such information facilitates an understanding of the biologics market 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 OF LAWS AND REGULATIONS OF PRICING IN THE MEDICAL INDUSTRY OF THE PRC AND THE UNITED STATES

The pricing environment of the next generation therapies both in the PRC and the United States has been changed in the recent years. In the PRC, with the negotiation between the government and drug companies, drug prices are expected to decline once included in the NRDL. In the United States, sales of drugs still largely depend on the third party payors such as the insurance companies and managed healthcare industries. The efforts of third-party payors in reducing reimbursements for medical drugs and services result in the slow decline of the drug prices.

National Medical Insurance Program

Pursuant to the Decision on the Establishment of the Urban Employee Basic Medical Insurance Program (《關於建立城鎮職工基本醫療保險制度的決定》) promulgated by the State Council on December 14, 1998 and the Tentative Measures for the Administration of the Scope of Medical Insurance Coverage for Pharmaceutical Products for Urban Employee (《城鎮職工基本醫療保險用藥範圍管理暫行辦法》) promulgated by the Ministry of Human Resources and Social Security (formerly the Ministry of Labor and Social Security) and six other national agencies and came into effect on May 12, 1999, all employers in cities and towns, including enterprises (state-owned enterprises, collective enterprises, foreign-invested enterprises and private enterprises, etc.), institutions, public institutions, social organizations, private non-enterprise units and their employees are required to participate in basic medical insurance. Pursuant to the Guiding Opinions on the Pilot of Basic Medical Insurance for Urban Residents (《關於開展城鎮居民基本醫療保險試點的指導意見》) promulgated by the State Council on July 10, 2007, urban residents (non-employees) in the pilot areas can voluntarily participate in the basic medical insurance for urban residents. Pursuant to the Opinions on the Integration of the Basic Medical Insurance Programs for Urban and Rural Residents (《關於整合城鄉居民基本醫療保險制度的意見》) promulgated by the State Council on January 3, 2016, a unified basic medical insurance program for urban and rural residents would be established, including the existing urban residents' medical insurance, covering all urban and rural residents except for those who should be covered by the employee's basic medical insurance.

Commercial Insurance

The State Council and the PRC Communist Party jointly issued the Plan for Healthy China 2030 (《「健康中國2030」規劃綱要》) in October 2016. According to the Plan, the country will establish a multi-level medical security system built around basic medical insurance, with other forms of insurance supplementing the basic medical insurance, including serious illness insurance for urban and rural residents, commercial health insurance and medical assistance. Furthermore, the Plan encourages enterprises and individuals to participate in commercial health insurance and various forms of supplementary insurance. The evolving

medical insurance system makes innovative drugs more affordable and universally available to the Chinese population, which renders greater opportunities to drug manufacturers that focus on the research and development of innovative drugs, such as high-cost cancer therapeutics.

Medical Insurance Catalogue

Pursuant to the Tentative Measures for the Administration of the Scope of Medical Insurance Coverage for Pharmaceutical Products for Urban Employee (《城鎮職工基本醫療保險用藥範圍管理暫行辦法》), the scope of medical insurance coverage for pharmaceutical products needs to be managed through the formulation of the Medical Insurance Catalogue. A pharmaceutical product listed in the Medical Insurance Catalogue must be clinically needed, safe, effective, reasonably priced, easy to use, available in sufficient quantity, and must meet the following requirements: it is set forth in the Pharmacopoeia of the People's Republic of China (current edition) (《中華人民共和國藥典》(現行版)); it meets the standards promulgated by the NMPA; and if imported, it is approved by the NMPA for import.

Medical Insurance Catalogue are divided into Category A and Category B. Category A is uniformly formulated by the state and shall not be adjusted by local authorities. Category B is formulated by the state but each province, autonomous region or municipality may make appropriate adjustments based on local economic levels, medical needs and medication habits, provided that the sum of the increased and decreased varieties shall not exceed 15% of the total number of Category B medicines formulated by the state. However, on August 20, 2019, the Ministry of Human Resources and Social Security (the "**MHRSS**") and the National Healthcare Security Administration (the "**NHSA**") amended the National Drug Catalog for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (《國家基本醫療保險、工傷保險和生育保險藥品目錄》) (the "**National Reimbursement Drug List**" or the "**NRDL**") which became effective on January 1, 2020 and provides that all local authorities shall strictly implement the NRDL and are not allowed to make a catalogue by themselves or add drugs in the catalogue, or adjust the limited payment scope of drugs in the NRDL. For those drugs that were already added to Category B of the provincial catalogue in accordance with the previous NRDL, the drugs shall be gradually removed within 3 years.

In August 2020, the NHSA promulgated the Work Plan for the Adjustment of 2020 National Medical Insurance Catalog (《2020年國家醫保藥品目錄調整工作方案》) (the "2020 Work Plan"), according to which, drugs listed in the Urgently Needed Overseas New Drugs List (臨床急需境外新藥名單) promulgated by the CDE which have been granted the approval for drug marketing registration by the NMPA on and before August 17, 2020 may be considered as candidates to be included into the 2020 NRDL. The 2020 Work Plan further states the price negotiation with drug companies for 2020 NRDL. On December 28, 2020, the NHSA announced the result of the 2020 NRDL, in which 119 new drugs were added to the NRDL while 29 drugs were removed. 119 out of 162 drugs were successfully negotiated and agreed to price reduction, with an average price reduction rate of 50.64%. Besides, 14 exclusive drugs with the annual sales amount exceeding RMB1 million were kept in the NRDL with a price reduction of 43.46%.

On December 25, 2020, the NHSA and MOHRSS promulgated the Notice of Issuance of Drugs Catalogue for the National Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (2020) (《關於印發<國家基本醫療保險、工傷保險和生育保險藥品目錄(2020年)>的通知》) which became effective on March 1, 2021 and simultaneously replaced the previous version of the NRDL. According to this Notice, the new NRDL consists of 2,800 drugs in total, in which 119 new drugs were added to the new NRDL while 29 drugs were removed. Innovative drugs included in NRDL generally need to undergo a pricing negotiation process with the government. In the new NRDL, 119 out of 162 drugs were successfully negotiated and agreed to price reduction, with an average price reduction rate of 50.64%. In addition, 14 exclusive drugs with the annual sales amount exceeding RMB1 million were kept in the NRDL with a price reduction of 43.46%. The selling prices of our products, if added to the NRDL, may also be affected by such government regulations after the commercialization.

Participants using medicines included in Category A are entitled to reimbursement of the entire amount of the purchase price through the basic medical insurance program. Participants using medicines included in Category B are required to pay a certain percentage of the purchase price and obtain reimbursement for the remainder of the purchase price through the basic medical insurance program.

Pricing and Procurement of Drugs

Pursuant to the Drug Administration Law, for drug products with market-regulated prices in accordance with the law, the drug marketing authorization holder, the drug manufacturer, the drug distributor and medical institution shall determine the price pursuant to the principles of fairness, reasonableness, integrity and trustworthiness as well as quality for value in order to supply drug users with reasonably priced drug products; and shall comply with the requirements relating to drug price administration promulgated by the State Council's pricing authorities, determine and clearly mark the retail prices of drug products. Pursuant to the Notice on Issuing Opinions on Promoting Drug Price Reform (《關於印發推進藥品價格改革意見的通知》) jointly promulgated by the National Development and Reform Commission (the "**NDRC**"), the National Health and Family Planning Commission and five other national agencies on May 4, 2015, except for narcotic drugs and first-class psychotropic drugs, government price controls on drugs were lifted, effective from June 1, 2015. After price controls were lifted, trading prices of drugs are mainly determined by market competition, and instead of direct government price controls, the government will regulate prices mainly by establishing a centralized procurement mechanism, revising medical insurance reimbursement standards and strengthening regulation of medical and pricing practices.

The Circular on Issuing the Opinions on Effectively Carrying out Drug Price Administration at Present (《國家醫療保障局關於印發<關於做好當前藥品價格管理工作的意見>的通知》) was promulgated by the NHSA in November 2019, which expounds on works from four aspects, including getting aligned with and improving the existing drug price policies, establishing and improving a normalized mechanism of drug price regulation, effectively carrying out price tendering and procurement related to safeguarding the supply and stabilizing the prices of drugs in short supply, as well as strengthening the organization of

regulatory authorities and enhancing their administration. On August 28, 2020, the NHSA further promulgated the Guiding Opinions on the Establishment of Credit Evaluation System for Drug Prices and Procurement by Bidding (《關於建立醫藥價格和招採信用評價制度的指導意見》) pursuant to which a catalogue of dishonest matters involving drug prices and procurement by bidding (《醫藥價格和招採失信事項目錄清單》) is established by the NHSA in order to punish unlawful or inappropriate actions in the purchase and sale of drug.

Pursuant to the Guidelines of the General Office of the State Council on Promoting the Reform of the Supervision System of Medical Security Fund (《國務院辦公廳關於推進醫療保障基金監管制度體系改革的指導意見》) promulgated by the General Office of the State Council and became effective on June 30, 2020, China will continue to improve the market-oriented drug price formation mechanism and the linkage mechanism between medical insurance payment and bidding and procurement prices. China will also prevent inflated drug prices by strengthening the supervision and inspection on the quality of accounting information in the pharmaceutical industry.

According to the Notice on the Trial Implementation of the Centralized Tender with Respect to Drug Purchases by Medical Institutions (《關於印發醫療機構藥品集中招標採購試點工作若干規定的通知》) promulgated and became effective on July 7, 2000, the Notice on the Further Standardizing of the Centralized Tender with respect to Drug Purchases By Medical Institutions (《關於進一步做好醫療機構藥品集中招標採購工作的通知》) promulgated and became effective on July 23, 2001 and the Opinions concerning Further Regulating Purchase of Medicines by Medical Institutions through Centralized Tendering (《關於進一步規範醫療機構藥品集中採購工作的意見》) promulgated and took into effect on January 17, 2009, any not-for-profit medical institutions established or controlled by any government at a county level or above shall implement a centralized tender system in respect of purchase of drugs which are contained in the Medicines List for National Basic Medical Insurance, and gradually enlarge the scope of drugs covered under such list. The price of any drugs winning the tender shall be based on the overall interests of the patients and the bidding entities.

The Circular on the Good Practice of Medical Institutions with respect to Centralized Procurement of Drugs (《醫療機構藥品集中採購工作規範》) promulgated and effective on July 7, 2010 (the "**Good Practice for Centralized Procurement**") provides detailed rules regarding the catalog for centralized procurement and methods, procedures, evaluators, expert database construction and management of drugs, and further regulates the centralized drug procurement and clarifies the code of conduct on the part of purchasing parties. According to the Good Practice for Centralized Procurement, any not-for-profit medical institutions established by the government at the county level or above or state-owned enterprises (including state-controlled enterprises) must participate in the centralized procurement system for the purchase of drugs. The centralized procurement management authority at provincial (municipal or district) level is responsible for compiling the catalog of drugs for centralized procurement by medical institutions within its own administrative region. Narcotic drugs and first-class psychoactive drugs under special administration by the State are not included in such

catalog, while second-class psychoactive drugs, radioactive pharmaceuticals, toxic drugs for medical use, crude drugs, traditional Chinese medicinal materials and traditional Chinese medicine decoction pieces may be excluded from such catalog.

According to the Guidance Opinion of the General Office of the State Council on the Improvement of the Drug Centralized Procurement Work of Public Hospitals (《國務院辦公廳關於完善公立醫院藥品集中採購工作的指導意見》) promulgated and came into effect on February 9, 2015, the centralized procurement work of public hospitals will be improved through the classification purchase of drugs. All drugs used by public hospitals (with the exception of traditional Chinese medicine decoction pieces) should be procured through a provincial centralized pharmaceutical procurement platform. The provincial procurement agency shall reasonably compile a drug procurement catalog of the hospitals with its own administration region based on the procurement plans and budgets submitted by hospitals, and list by classification the drugs to be procured through bids, negotiations, direct purchases by hospitals or to be manufactured by appointed manufacturers.

U.S. Coverage and Reimbursement

Successful sales of our drugs or drug candidates (if approved) in the U.S. market, will depend, in part, on the extent to which our drugs will be covered by third-party payors, such as government health programs, commercial insurance and managed healthcare organizations. Patients who are provided with prescriptions as part of their medical treatment generally rely on such third-party payors to reimburse all or part of the costs associated with their prescriptions. Therefore, adequate coverage and reimbursement from such third-party payors are critical to new drug acceptance. These third-party payors are increasingly reducing reimbursements for medical drugs and services. Additionally, the containment of healthcare costs has become a priority of federal and state governments, and the prices of drugs have been a focus in this effort. The U.S. government, state legislatures and foreign governments have shown significant interest in implementing cost-containment programs, including price controls, restrictions on reimbursement and requirements for substitution of generic drugs. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit our net revenue and results. Inadequate third-party reimbursement for our drug candidates, if approved, or a decision by a third-party payor to not cover our drug candidates could reduce physician usage of such drugs and have a material adverse effect on our sales, results of operations and financial condition.

Healthcare reform initiatives have resulted in significant changes to the coverage, reimbursement and delivery of healthcare, including drugs. Healthcare reform efforts are likely to continue and such efforts have included, and may include in the future, attempts to repeal or otherwise challenge prior healthcare reform. The spread of COVID-19 has resulted in widespread federal and state legislative and administrative action to impose new or revise existing healthcare regulation, sometimes on a temporary basis, to limit the spread of the disease, ensure access to necessary healthcare and address adverse financial impacts.

General legislative cost control measures may also affect reimbursement for our drugs. The Budget Control Act of 2011, as amended, resulted in the imposition of 2% reductions in Medicare (but not Medicaid) payments to providers in 2013 and, except for a suspension from May 1, 2020 through December 31, 2020, will remain in effect through 2030 unless additional Congressional action is taken. If we obtain approval to market a drug candidate in the United States, any significant spending reductions affecting Medicare, Medicaid or other publicly funded or subsidized health programs that may be implemented and/or any significant taxes or fees that may be imposed on us could have an adverse impact on our results of operations.

OVERVIEW OF LAWS AND REGULATIONS IN THE PRC

This section summarizes the principal PRC laws, rules and regulations that are relevant to our business.

PRC REGULATORY REGIME

The biologic drug industry in the PRC is mainly supervised and administered by three governmental agencies: the National Medical Products 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 supervision function from its predecessor China Food and Drug Administration (the "**CFDA**"), is the primary regulator for medical products. It is primarily responsible for supervising and managing drugs, medical devices and cosmetics, including the drafting of relevant regulations and policies; undertaking standard management, registration management, quality management and post-market risk management for drugs, medical devices and cosmetics; organizing and guiding the supervision and inspection of drugs, medical devices and cosmetics; and undertaking qualification management for pharmacists.

The NHC, formerly known as the National Health and Family Planning Commission, is the chief national regulator for public health and family planning management. It is primarily responsible for drafting national healthcare policies, regulating public health, medical services and health contingency system, coordinating the healthcare reform and overseeing the operation of medical institutions and the practice of medical personnel.

The National Healthcare Security Administration, a new authority established in May 2018, is directly under the State Council and responsible for the management of the healthcare security system. It is primarily responsible for drafting and implementing policies and standards on medical insurance, maternity insurance and medical assistance; supervising and administering the healthcare security funds; formulating a uniform medical insurance catalogue and payment standards on drugs, medical disposables and healthcare services; and formulating and supervising the implementation of the bidding and tendering policies for drugs and medical disposables.

LAWS AND REGULATIONS ON NEW DRUGS

Development of New Drugs

The Drug Administration Law of the PRC (《中華人民共和國藥品管理法》) (the "**Drug Administration Law**") promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") in September 1984, last amended on August 26, 2019 and became effective on December 1, 2019, and the Implementation Regulations of the Drug Administration Law of the PRC (《中華人民共和國藥品管理法實施條例》) promulgated by the State Council in August 2002 and last amended on March 2, 2019, have laid down the legal framework for the establishment and maintenance of pharmaceutical manufacturing and trading enterprises, as well as for the administration of pharmaceutical products including the development and manufacturing of new drugs. According to the Drug Administration Law and its Implementation Regulations, the PRC encourages the research and development of new drugs, and protects the legal rights and interests in the research and development of new drugs. The developer and clinical trial applicant of any new drug shall truthfully submit the new drug's manufacturing method, quality specifications, results of pharmacological and toxicological tests and the related data, documents and samples to the NMPA for approval before any clinical trial is conducted.

Non-Clinical Research and Animal Testing

The non-clinical safety evaluation study for drugs for the purpose of applying for drug registration 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 amended in July 2017 by the CFDA (which was cancelled in the institutional reform of the State Council in 2018, its functions of drug supervision and management were inherited by the NMPA, which was established at the same time). 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 non-clinical research on drugs.

Accordingly to the Regulations for the Administration of Affairs Concerning Experimental Animals (《實驗動物管理條例》) promulgated by the State Science and Technology Commission, now known as Ministry of Science and Technology, in November 1988 and last amended by the State Council in March 2017, the Administration Measures on Good Practice of Experimental Animals (《實驗動物質量管理辦法》) jointly promulgated by the State Science and Technology Commission and the State Bureau of Quality and Technical Supervision in December 1997, and the Administrative Measures on the Certificate for Experimental Animals (Trial) (《實驗動物許可證管理辦法(試行)》) promulgated by the State Science and Technology Commission and other regulatory authorities in December 2001, performing experimentation on animals requires a Certificate for Use of Laboratory Animals.

Application for Clinical Trial

According to the Decision on Adjusting the Approval Procedures of Certain Administrative Approval Items for Drugs (《關於調整部分藥品行政審批事項審批程序的決定》) promulgated by the CFDA on March 17, 2017, the decision on the approval of clinical trials of drugs shall be made by the Center for Drug Evaluation (the "**CDE**") from May 1, 2017. According to the Administrative Measures for Drug Registration (《藥品註冊管理辦法》) (the "**Circular 27**"), which was promulgated on January 22, 2020 and took effect on July 1, 2020, 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. Pursuant to the Registration Categories of Biological Products and Requirements for Application Materials (《生物製品註冊分類及申報資料要求》) issued on June 29, 2020, biological products are divided into biological products for prevention, biological products for treatment and in vitro diagnostic reagents managed as biological products. 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 approval of clinical trial from the NMPA, the applicant must complete the clinical trial registration at the Drug Clinical Trial Information Platform for public disclosure in accordance with the Circular 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 of the trial within one month after obtaining the approval of clinical trial to obtain an exclusive trial registration number, and then complete the subsequent information registration before the first patient is enrolled in the trial and submit the registration for public disclosure for the first time.

Conduct of Clinical Trial

After obtaining clinical trial approval, the applicant shall conduct clinical trials at qualified clinical trial institutions. The qualified clinical trial institution refers to institutions that have the conditions to conduct clinical trials in accordance with the requirements and technical guidelines set forth in 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 December 1, 2019. Such clinical trial institutions shall be subject to filing requirements, with the exception of institutions that only engage in analysis of biological samples which shall not be subject to such filing requirements. The NMPA is responsible for setting up a filing management information platform for the registration, filing and operation management of drug clinical trial institutions, as well as the entry, sharing and disclosure of information from the supervision and inspection activities conducted by the drug regulatory authorities and competent healthcare authorities.

Clinical trials must be conducted in accordance with the Good Clinical Practice for Drug Trials (《藥物臨床試驗質量管理規範》) promulgated by NMPA and NHC on April 23, 2020 and effective on July 1, 2020, which stipulates the requirements for the procedures of conducting clinical trials, including pre-clinical trial preparation, trial protocols, protection of testees' rights and interests, duties of researchers, sponsors and monitors, as well as data management and statistical analysis.

According to 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》), 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 meetings 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》), promulgated by the NMPA on September 30, 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 stages of drugs, mainly including meetings before submitting the clinical trial application, meetings upon the completion of Phase II trials and prior to Phase III trials, meetings before submitting the marketing application for a new drug, and meetings for risk evaluation and control. Type III meetings refer to other meetings not classified as Type I or Type II.

International Multi-Center Clinical Trials

On January 30, 2015, the CFDA promulgated 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"), which became effective on March 1, 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 countries or regions using the same clinical trial protocol. Where the applicant plans to make use of the data derived from the international multi-center clinical trials to apply for registration of drugs in the PRC, such international multi-center clinical trials shall satisfy the requirements set forth in the Drug Administration Law and its implementation regulations and relevant laws and regulations.

On October 10, 2017, the CFDA released the Decision on Adjusting Items concerning the Administration on the Registration of Imported Drugs (《關於調整進口藥品註冊管理有關事項的決定》) which includes the following key points:

(1) If the International Multicenter Clinical Trial, or IMCT, of a drug is conducted in China, the IMCT drug does not need to have be approved or have entered into either a Phase II or III clinical trial in a foreign country, except for vaccines.

(2) If the IMCT is conducted in China, the applicant may directly submit the application for drug marketing authorization in China upon completion of the IMCT.

(3) With respect to clinical trial applications or marketing authorization applications for imported innovative chemical drugs and therapeutic biological products, the marketing authorization in the country or region where the foreign drug manufacturer is located is not required.

Acceptance of Overseas Clinical Trial Data

On July 6, 2018, the NMPA issued the Technical Guiding Principles for the Acceptance of 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 used and submitted for drug registrations in China. According to the Guiding Principles, applicants may use the data of overseas clinical trials to support drug registration in China, provided that applicants must ensure the authenticity, completeness, accuracy and traceability of overseas clinical trial data and such data must be obtained in accordance with the requirements under the Good Clinical Trial Practice (GCP) of the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use.

New Drug Registration

Pursuant to Circular 27, upon completion of clinical trials, determination of quality standards, completion of validation of commercial-scale production processes and completion of other related preparation works, the applicant may apply with the NMPA for the marketing authorization. The NMPA then determines whether to approve the application according to applicable laws and regulations. The applicant must obtain the marketing authorization for a new drag before the drug can be manufactured and sold in the China market. According to Circular 27, the holders of any of the following drugs can apply for conditional approval of such drugs: (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 their efficacy and forecast their clinical value; (2) drugs which are urgently needed for public health and data of clinical trials can demonstrate their efficacy and forecast their clinical value; and (3) vaccines which are urgently needed to deal with major public health emergencies or other vaccines which the NHC deems to be urgently needed, the benefits of both of which are assessed to be outweigh the risk.

Priority Evaluation and Approval Reform for Registration of Certain Drugs

In August 2015, the State Council promulgated the Opinions on the Reform of Evaluation and Approval System for Drugs and Medical Equipment (《關於改革藥品醫療器械審評審批制度的意見》), which provides a framework for reforming the evaluation and approval system for drugs, enhancing the standard of approval for drug registration and accelerating the evaluation and approval process for innovative drugs.

In November 2015, the CFDA promulgated the Circular Concerning Certain Policies on Drug Registration, Evaluation and Approval (《關於藥品註冊審評審批若干政策的公告》), which allows for accelerated approval process for clinical trial or drug registration for certain drugs, including the registration of innovative new drugs treating HIV, cancer, serious infectious diseases and orphan diseases, as well as pediatric drugs.

The Opinions on Implementing Priority Evaluation 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》) promulgated by the CFDA in December 2017 replaces the Opinions on Implementing Priority Evaluation and Approval to Solve the Backlog of Drug Registration Applications (《關於解決藥品註冊申請積壓實行優先審評審批的意見》) promulgated in February 2016, which further clarified that a fast track clinical trial approval or drug registration pathway will be available to innovative drugs.

In addition, on May 23, 2018, the NMPA and NHC jointly promulgated the Circular on Issues Concerning Optimizing Drug Registration Evaluation 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.

Marketing Authorization Holder Mechanism

Pursuant to the Drug Administration Law, China implements the marketing authorization holder mechanism for management of the drug industry. The drug marketing authorization holder refers to an enterprise or a drug research and development institution that has obtained the drug registration certificate. The drug marketing authorization holder shall be responsible for non-clinical research, clinical trials, production and operation, post-marketing research, adverse reaction monitoring, reporting and processing of drugs in accordance with the provisions of the law.

The marketing authorization holders may manufacture drugs by themselves or entrust a pharmaceutical manufacturing enterprise to manufacture drugs. Likewise, they may sell drugs by themselves or entrust a pharmaceutical distribution enterprise to sell drugs. However, marketing authorization holders may not entrust a pharmaceutical manufacturing enterprise to produce blood products, narcotic drugs, psychotropic drugs, medical-use toxic drugs or pharmaceutical precursor chemicals, except as otherwise stipulated by the drug regulatory department under the State Council.

The drug marketing authorization holder shall establish a drug quality assurance system and be equipped with special personnel to take charge of quality management on drugs independently. The drug marketing authorization holder shall regularly review the quality management system of the drug manufacturer and the drug distributor, and supervise its continuous quality assurance and control capabilities.

Where the marketing authorization holder is an overseas enterprise, its designated domestic enterprise shall perform the obligations of the marketing authorization holder and jointly assume responsibilities of the marketing authorization holder with the overseas enterprise.

Gathering, Collection and Filing of Human Genetic Resources

In June 1998, the Ministry of Science and Technology and the Ministry of Health (which was cancelled in the institutional reform of the State Council in 2013, its functions were first inherited by the National Health and Family Planning Commission and then by the NHC, which was established in 2018) promulgated the Interim Measures for the Management of Human Genetic Resources (《人類遺傳資源管理暫行辦法》) which sets out rules for the protection and use of human genetic resources in China. Pursuant to the Service Guide for Administrative Licensing of Gathering, Collection, Deal, Export and Exit Approval of Human Genetic Resources of Human genetic resources (《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》) promulgated by the Ministry of Science and Technology in July 2015 and the Notice on the Implementation of the Administrative License for the Gathering, Collection, Deal, Export and Exit of Human Genetic Resources (《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》) promulgated by the Ministry of Science and Technology in August 2015, the gathering and collection of human genetic resources though clinical trials by a foreign-invested sponsor shall be filed for record with the China Human Genetic Resources Management Office through an online system. The Ministry of Science and Technology promulgated the Notice on Optimizing the Administrative Examination and Approval Process of Human Genetic Resources (《關於優化人類遺傳資源行政審批流程的通知》) in October 2017, which has simplified the approval process for the gathering and collection of human genetic resources for the marketing of drugs in China.

Pursuant to the Regulations on the Management of Human Genetic Resources of the People's Republic of China (《中華人民共和國人類遺傳資源管理條例》) promulgated by the State Council in May 2019 and came into effect on July 1, 2019, the state supports the rational use of human genetic resources for scientific research, development of the biomedical industry, improvement of diagnosis and treatment technology, improvement of China's ability to guarantee biosafety and improvement of the level of people's health. Foreign organizations, individuals and institutions established or actually controlled by them shall not gather or preserve Chinese genetic resources in China, or provide Chinese genetic resources to foreign countries. In addition, the gathering, preservation, utilization and external provision of Chinese genetic resources shall conform to ethical principles and conduct ethical review in accordance with relevant regulations.

LAWS AND REGULATIONS ON THE MANUFACTURING OF DRUGS

Drug Manufacturing Permit

Pursuant to the Drug Administration Law and the Implementing Regulations of the Drug Administration Law, a drug manufacturer must obtain a Drug Manufacturing Permit (藥品生產許可證) from the drug regulatory authority at provincial, autonomous regional or municipal level before it may start manufacturing drugs in the PRC. The Drug Manufacturing Permit shall indicate the validity period and the scope of production. 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.

Good Manufacturing Practices

Prior to December 1, 2019, 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 is required to submit an application for a good manufacturing practice certification (the "**GMP certification**") with the drug regulatory authority. If the Good Manufacturing Practices are satisfied, a GMP certificate will be issued. Pursuant to the Circular on the Relevant Issues Concerning the Implementation of the Drug Administration Law of the PRC (《關於貫徹實施<中華人民共和國藥品管理法>有關事項的公告》), promulgated by the NMPA on November 29, 2019, and the Drug Administration Law, since December 1, 2019, the GMP and Good Supply Practice (the "**GSP**") certifications have been cancelled, applications for GMP and GSP certifications are no longer accepted, and GMP and GSP certificates are no longer issued. The legal representative of and principal person in charge of a drug manufacturer are fully responsible for the drug manufacturing activities of the enterprise.

The drug manufacturer must conduct the manufacturing process in accordance with the Good Manufacturing Practice for Drugs (《藥品生產質量管理規範》) issued by the Ministry of Health in January 2011, which sets forth a set of detailed standard guidelines governing the manufacture of drugs including institution and staff qualifications, production premises and facilities, equipment, hygiene conditions, production management, quality controls, product operation, raw material management, maintenance of sales records and management of customer complaints and adverse event reports.

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**"), only when a drug manufacturer temporarily lacks manufacturing conditions due to technology upgrade or is unable to ensure market supply due to insufficient manufacturing capabilities, can such drug manufacturer entrust the manufacturing of the drug to another domestic drug manufacturer. Such contract manufacturing arrangements shall be approved by the provincial branch of the NMPA.

The Administrative Measures on Supervision of Drug Manufacturing (《藥品生產監督管理辦法》) (the "**Revised Administrative Measures of Drug Manufacturing**") promulgated by the State Administration for Market Regulation on January 22, 2020 and effective on July 1, 2020 further implements the drug marketing authorization holder system as stipulated in the Drug Administration Law. Drug marketing authorization holders entrusting others to manufacture drugs shall enter into outsourcing agreements and quality agreements with qualified drug manufacturing enterprises and submit the relevant agreements together with the actual manufacturing site application materials to the competent drug administrative authority in order to apply for the drug manufacturing license.

OTHER LAWS AND REGULATIONS ON MEDICAL INDUSTRY

Transfer of Drug Technologies

Transfer of drug technologies includes transfer of new drug technologies and transfer of drug production technologies. On August 19, 2009, the CFDA promulgated the Administrative Regulations for Technology Transfer Registration of Drugs (《藥品技術轉讓註冊管理規定》) to standardize the registration process of drug technology transfer, which includes application for, evaluation, review, approval and supervision of drug technology transfer registration. An application for drug technology transfer must be submitted to the provincial drug regulatory authority, and the CFDA will ultimately make an approval decision based on the comprehensive opinions of the drug review center. Eligible applications will receive a letter of approval and a drug approval number for the supplementary application.

The Opinions of the General Office of the State Council on Improvement of the Policy of Production, Circulation and Use of Drugs (《國務院辦公廳關於進一步改革完善藥品生產流通使用政策的若干意見》) promulgated in January 2017 by the General Office of the State Council aims to deepen the reform of medicine health system, improve the quality of the drug and regulate the distribution and use of the drug. The Notice of the General Office of the State Council on Issuing Pilot Plan of Centralised Procurement and Use of the Drug Organised by the State (《國務院辦公廳關於印發國家組織藥品集中採購和使用試點方案的通知》) promulgated in January 2019 aims to improve the pricing mechanism of the drug, which also further regulates the scope and mode of centralised procurement.

The centralized tender process takes the form of public tender operated and organised by provincial or municipal government agencies. The centralised tender process is in principle conducted once every year in the relevant province or city in China. The bids are assessed by a committee composed of pharmaceutical and medical experts who will be randomly selected from a database of experts approved by the relevant government authorities. The committee members assess the bids based on a number of factors, including but not limited to, bid price, product quality, clinical effectiveness, product safety, qualifications and reputation of the manufacturer, after-sale services and innovation. Only pharmaceuticals that have won in the centralised tender process may be purchased by public medical institutions funded by the governmental or state-owned enterprise (including state-controlled enterprises) in the relevant region.

Insert Sheet, Labels and Packaging of Pharmaceutical Products

Pursuant to the Measures for the Administration of the Insert Sheets and Labels of Drugs (《藥品説明書和標籤管理規定》) which came effective on June 1, 2006, the insert sheets and labels of drugs should be reviewed and approved by the CFDA. A drug insert sheet should include the important scientific data, conclusions and information concerning drug safety and efficacy in order to direct the safe and rational use of drugs. The inner label of a drug should bear such information as the drug's name, indication or function, strength, dose and usage, production date, batch number, expiry date and drug manufacturer, and the outer label of a drug should indicate such information as the drug's name, ingredients, description, indication or function, strength, dose and usage, adverse reaction, contraindications, precautions, storage, production date, batch number, expiry date, approval number and drug manufacturer.

Pursuant to the Measures for the Administration of Pharmaceutical Packaging (《藥品包裝管理辦法》) which came effective on September 1, 1988, pharmaceutical packaging must comply with the national and professional standards. If no national or professional standards are available, the enterprise can formulate its standards and put into implementation after obtaining the approval of the drug regulatory authorities or bureau of standards at provincial level. The enterprise shall reapply with the relevant authorities if it needs to change its packaging standard. Drugs without packing standards must not be sold or traded (except for drugs for the military).

Rare Disease

On May 11, 2018, the NHC, along with the NMPA and three other national 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 kinds of rare diseases. According to the Notice on Publishing the Procedures of Developing the Rare Disease List (《關於印發罕見病目錄製訂工作程序的通知》) issued by the NHC on May 28, 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 can be treated or intervened in an economically feasible way, or it has been enrolled in a national scientific research project if there is no effective treatment or intervention for such disease.

LAWS AND REGULATIONS ON INTELLECTUAL PROPERTIES

Patent

Patents in the PRC are mainly protected by the Patent Law of the PRC (《中華人民共和國專利法》), which was promulgated by the SCNPC on March 12, 1984, last amended on October 17, 2020 and replaced the previous version on June 1, 2021, and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), which were promulgated by the State Council on June 15, 2001 and last amended on January 9, 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. According to the Patent Law, for the purpose of public health, the patent administrative department of the State Council may grant mandatory licensing to manufacture and export patented drugs to countries or regions in comply with provisions of the relevant international treaty participated by the PRC.

Trade Secret

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 and last amended on April 23, 2019, 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 impose fine on the infringing parties.

Trademark

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, last amended on April 23, 2019 and became effective on November 1, 2019, the period of validity for a registered trademark is 10 years, commencing from the date of registration. Upon expiry of the period of validity, the registrant shall go through the formalities for renewal within twelve months prior to the date of expiry as required if the registrant needs to continue to use the trademark. Where the registrant fails to do so, a grace period of six months may be granted. The period of validity for each renewal of registration is 10 years, commencing from the day immediately after the expiry of the preceding period of validity for the trademark. In the absence of a renewal upon expiry, the

registered trademark shall be cancelled. Industrial and commercial administrative authorities have the authority to investigate any behavior in infringement of the exclusive right under a registered trademark in accordance with the law. In case of a suspected criminal offence, the case shall be timely referred to a judicial authority and decided according to law.

Copyright

Copyright in the PRC is protected by the Copyright Law of the PRC (《中華人民共和國著作權法》), which was promulgated by the SCNPC on September 7, 1990, last amended on November 11, 2020 and will replace the current version since June 1, 2021, and Implementation Regulations of the Copyright Law of PRC (《中華人民共和國著作權法實施條例》), which was promulgated by the State Council on August 2, 2002 and last amended on January 30, 2013. These laws and regulations provide provisions on the classification of works and the obtaining and protection of copyright.

LAWS AND REGULATIONS ON FOREIGN DIRECT INVESTMENT

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

On March 15, 2019, the National People's Congress (the "**NPC**") promulgated the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") which took effect on January 1, 2020 and replace the Law on Wholly Foreign-owned Enterprises of the PRC (《中華人民共和國外資企業法》), the Law on Sino-foreign Equity Joint Ventures of the PRC (《中華人民共和國中外合資經營企業法》) and the Law on Sino-foreign Cooperative Joint Ventures of the PRC (《中華人民共和國中外合作經營企業法》). The Foreign Investment Law provides that the foreign investment refers to 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. China 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 not included in the negative list. The negative list will be released by or upon approval of the State Council.

Foreign investment in China is also subject to the Catalogue for the Encouraged Investment Industries (2020 Edition) (《鼓勵外商投資產業目錄(2020年版)》) issued on December 27, 2020 and effective from January 27, 2021, 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 June 23, 2020 and effective from July 23, 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.

On December 26, 2019 the State Council issued Implementation Regulations for the Foreign Investment Law (《外商投資法實施條例》) which came into effect on January 1, 2020. According to the Implementation Rules, in the event of any discrepancy between the Foreign Investment Law, the Implementation Rules and relevant provisions on foreign investment promulgated prior to January 1, 2020, the Foreign Investment Law and the Implementation Rules shall prevail. The Implementation Rules also provides that foreign investors that invest in sectors on the Negative List in which foreign investment is restricted shall comply with special management measures with respect to shareholding, senior management personnel and other matters in the Negative List.

Pursuant to the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) which came into effect in January 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the relevant commerce administrative authorities.

LAWS AND REGULATIONS ON FOREIGN EXCHANGE

Foreign Exchange Administration

The principal law governing foreign currency exchange in the PRC is the PRC Administrative Regulations on Foreign Exchange (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Regulations**"), which was enacted by the State Council on January 29, 1996 and last amended on August 5, 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 royalty 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 (the "**SAFE**") or its local branches is generally required.

On March 30, 2015, the SAFE promulgated the Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《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 June 1, 2015. Under the 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 June 9, 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 Circular 16, enterprises registered in China could settle the external debts in foreign currencies to Renminbi at their own discretion. The 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 State Administration of Foreign Exchange (the "**SAFE**") has promulgated several regulations requiring PRC residents to register before engaging in direct or indirect offshore investment activities, including the Circular on Relevant Issues Concerning the Administration of Foreign Exchange on Domestic Residents' Overseas Investment, 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 "**Circular 37**"), issued and effective on July 4, 2014. 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 local branches of the SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with onshore or offshore assets or equity interests held by the PRC residents, referred to in Circular 37 as a "special purpose vehicle." Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle. If a shareholder who is a PRC resident does not complete the required registration or update the previously filed registration, the PRC subsidiaries of the special purpose vehicle may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the special purpose vehicle, and the special purpose vehicle may be subject to restrictions when making additional capital contributions to its PRC subsidiaries. Moreover, failure to comply with the various SAFE registration requirements described above may result in liabilities for the PRC subsidiaries of the special purpose vehicle under PRC laws for evasion of applicable foreign exchange restrictions, including (1) the requirement by the SAFE to return the foreign exchange remitted overseas within a period of time specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas and deemed to have been evasive, and (2) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive.

On February 13, 2015, the SAFE promulgated the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), which came into effect on June 1, 2015, pursuant to which registrations under Circular 37 may 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. However, the application for remedial registrations shall still be submitted to, reviewed and handled by the relevant local branches of the SAFE.

LAWS AND REGULATIONS ON ENTERPRISE INCOME TAX AND DIVIDEND DISTRIBUTION

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) promulgated by the NPC in March 2007 and last amended in December 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》) promulgated by the State Council in December 2007 and last amended in April 2019, other than a few exceptions, the income tax rate for both domestic enterprises and foreign-invested enterprises is 25%. Enterprises are classified as either "resident enterprises" or "non-resident enterprises". Besides enterprises established within the PRC, enterprises established outside China whose "de facto management bodies" are located in China are considered "resident enterprises" and subject to the uniform 25% enterprise income tax rate for their global income. A non-resident enterprise refers to an entity established under foreign law whose "de facto management bodies" are not within the PRC but which have an

establishment or place of business in the PRC, or which do not have an establishment or place of business in the PRC but have income sourced within the PRC. An income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident enterprise investors that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC.

According to the Arrangement between 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 (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) (the "**Double Tax Avoidance Arrangement**") promulgated and came into effect in August 2006, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行税收協定股息條款有關問題的通知》) which was promulgated by the State Administration of Taxation (the "**SAT**") in February 2009, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the Announcement on Certain Issues with Respect to the "Beneficial Owner" in Tax Treaties (《關於税收協定中"受益所有人"有關問題的公告》) which was promulgated by the SAT in February 2018 and came into effect in April 2018, if an applicant's business activities do not constitute substantive business activities, it could result in the negative determination of the applicant's status as a "beneficial owner", and consequently, the applicant could be precluded from enjoying the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

On February 3, 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税若干問題的公告》) (the "**Circular 7**"). The Circular 7 stipulates that when a non-resident enterprise transfers its assets (including equity interests) in an overseas holding company which directly or indirectly owns PRC taxable properties, including shares in a PRC company (the "**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.

Dividend Distribution

The principal regulations governing distribution of dividends paid by wholly foreign-owned enterprises include the Company Law and the Foreign Investment Law. Under these laws and regulations, foreign-invested enterprises in China may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise in China is required to set aside at least 10% of its after-tax profit based on PRC accounting standards each year to its general reserves until the accumulative amount of such reserves reach 50% of its registered capital. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

LAWS AND REGULATIONS ON LABOR AND EMPLOYEE INCENTIVES

Labor, Social Insurance and Housing Provident Funds

According to the PRC Labor Law (《中華人民共和國勞動法》), which was promulgated by the Standing Committee of the NPC in July 1994 and last amended and came into effect in December 2018, the PRC Labor Contract Law (《中華人民共和國勞動合同法》), which was promulgated by the Standing Committee of the NPC in June 2007 and amended in December 2012 and came into effect in July 2013, and the Implementing Regulations of the Employment Contracts Law of the PRC (《中華人民共和國勞動合同法實施條例》), which was promulgated by the State Council and came into effect in September 2008, labor contracts in written form shall be executed to establish labor relationships between employers and employees. In addition, wages shall not be lower than local minimum wages. The employers must establish a system for labor safety and sanitation, strictly comply with national rules and standards, provide education regarding labor safety and sanitation to its employees, provide employees with labor safety and sanitation conditions and necessary protection materials in compliance with national rules, and carry out regular health examinations for employees engaged in work involving occupational hazards.

According to the Social Insurance Law of PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC in October 2010 and last amended and came into effect in December 2018, and the Interim Regulations on the Collection and Payment of Social Security Funds (《社會保險費徵繳暫行條例》), which was promulgated by the State Council in January 1999 and last amended in March 2019, and the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), which was promulgated by the State Council in April 1999 and last amended in March 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance and maternity insurance and to housing provident funds. Any employer who fails to make the required contributions may be fined and ordered to make good the deficit within a stipulated time limit.

Employee Stock Incentive Plans

On February 15, 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 Incentive Rules**"). Under the Share Incentive Rules and relevant rules and regulations, PRC citizens or non-PRC citizens residing in China for a continuous period of not less than one year, who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain procedures. In addition, the SAT has issued circulars concerning employee share options or restricted shares. Under these circulars, employees working in the PRC 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 tax of those employees related to their share options or restricted shares. If the employees fail to pay, or the PRC subsidiaries fail to withhold, their individual income tax according to relevant laws, rules and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC government authorities.

LAWS AND REGULATIONS ON ENVIRONMENTAL PROTECTION

The PRC Environmental Protection Law (《中華人民共和國環境保護法》) (the "**Environmental Protection Law**"), which was promulgated by the SCNPC on December 26, 1989, last amended on April 24, 2014 and came into effect on January 1, 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.

Pursuant to the PRC Environment Impact Assessment Law (《中華人民共和國環境影響評價法》), which was promulgated by the SCNPC on October 28, 2002 and last amended on December 29, 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 November 29, 1998 and amended on July 16, 2017 and other relevant environmental laws and regulations, enterprises which plan to construct projects shall engage qualified professionals to provide 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.

LAWS AND REGULATIONS IN THE UNITED STATES

This section summarizes the principal laws and regulations in the United States that are relevant to our business.

LAWS AND REGULATIONS IN RELATION TO NEW DRUG

U.S. Government Regulation of Drug and Biological Products

In the United States, the FDA regulates drugs under the FDCA, its implementing regulations and biologics under the FDCA and the Public Health Service Act (the "PHSA") and their implementing regulations. Both drugs and biologics also are subject to other federal, state and local statutes and regulations, such as those related to competition. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, and local statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or following approval may subject an applicant to administrative actions or judicial sanctions. These actions and sanctions could include, among other actions, the FDA's refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, untitled or warning letters, voluntary or mandatory product recalls or market withdrawals, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement and civil or criminal fines or penalties. Any agency or judicial enforcement action could have a material adverse effect on our business, the market acceptance of our products and our reputation.

Once a product candidate is identified for development, it enters pre-clinical testing, which includes laboratory evaluations of product chemistry, toxicity, formulation and stability, as well as animal studies. Pre-clinical testing is conducted in accordance with FDA's Good Laboratory Practice regulations. A sponsor of an IND must submit the results of the pre-clinical tests, manufacturing information, analytical data, the clinical trial protocol, and any available clinical data or literature to the FDA. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA raises concerns or questions and places the trial on a clinical hold within that 30-day period. FDA may also impose clinical holds or partial clinical holds at any time during clinical trials due to safety concerns or non-compliance.

All clinical trials, which involve the administration of the investigational product to humans, must be conducted under the supervision of one or more qualified investigators in accordance with Good Clinical Practice regulations, including the requirement that all research subjects provide informed consent in writing before their participation in any clinical trial. Further, an Institutional Review Board ("IRB"), must review and approve the plan for any

clinical trial before it commences at any institution, and the IRB must conduct continuing review and reapprove the study at least annually. Each new clinical protocol and any amendments to the protocol must be submitted for FDA review, and to the IRBs for approval. An IRB can suspend or terminate approval of a clinical trial at its institution if the trial is not being conducted in accordance with the IRB's requirements or if the product has been associated with unexpected serious harm to subjects.

Clinical trials generally are conducted in three sequential phases, known as Phase I, Phase II and Phase III, and may overlap.

- Phase I clinical trials generally involve a small number of healthy volunteers or disease-affected patients who are initially exposed to a single dose and then multiple doses of the product candidate. The primary purpose of these clinical trials is to assess the metabolism, pharmacologic action, side effect tolerability and safety of the product candidate.

- Phase II clinical trials involve studies in disease-affected patients to evaluate proof of concept and/or determine the dose required to produce the desired benefits. At the same time, safety and further PK and PD information is collected, possible adverse effects and safety risks are identified and a preliminary evaluation of efficacy is conducted.

- Phase III clinical trials generally involve a large number of patients at multiple sites and are designed to provide the data necessary to demonstrate the effectiveness of the product for its intended use, its safety in use and to establish the overall benefit/risk relationship of the product and provide an adequate basis for product labeling.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA. Safety reports must be submitted to the FDA and the investigators 15 calendar days after the trial sponsor determines that the information qualifies for reporting. The sponsor also must notify FDA of any unexpected fatal or life-threatening suspected adverse reaction as soon as possible but in no case later than 7 calendar days after the sponsor's initial receipt of the information. Sponsors of clinical trials of FDA-regulated products, including drugs, are required to register and disclose certain clinical trial information, which is publicly available at ***www.clinicaltrials.gov***.

Concurrent with clinical trials, companies usually complete additional animal studies and must also finalize a process for manufacturing the product in commercial quantities in accordance with cGMP, requirements. The process of obtaining regulatory approvals and compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements may subject an applicant to administrative or judicial sanctions.

U.S. Review and Approval Processes

The results of product development, pre-clinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests conducted on the product, proposed labeling and other relevant information, are submitted to the FDA as part of a BLA. Unless deferred or waived, BLAs, or supplements must contain data adequate to assess the safety and effectiveness of the product for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The submission of a BLA is subject to the payment of a substantial user fee and an annual prescription drug product program fee.

Within 60 days of its receipt, the FDA reviews the BLA to ensure that it is sufficiently complete for substantive review before it accepts the BLA for filing. After accepting the BLA filing, the FDA begins an in-depth substantive review to determine, among other things, whether a product is safe and effective for its intended use. The FDA also evaluates whether the product's manufacturing is cGMP-compliant to assure the product's identity, strength, quality and purity. Before approving the BLA, the FDA typically will inspect whether the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. The FDA may refer the BLA to an advisory committee, a panel of experts, for review whether the application should be approved and under what conditions and considers such recommendations when making decisions.

The FDA may refuse to approve the BLA if the applicable regulatory criteria are not satisfied or may require additional clinical data or other data and information. The FDA will issue a complete response letter describing all of the specific deficiencies that the FDA identified in the BLA that must be satisfactorily addressed before it can be approved. The deficiencies identified may be minor, for example, requiring labeling changes, or major, for example, requiring additional clinical trials. Additionally, the complete response letter may include recommended actions that the applicant might take to place the application in a condition for approval. The applicant may either resubmit the BLA, addressing all of the deficiencies identified in the letter, or withdraw the application or request an opportunity for a hearing.

The regulatory approval may be limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling. In addition, the FDA may require post-approval studies, including phase IV clinical trials, to further assess a product's safety and effectiveness after BLA approval and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized.

Expedited Development and Review Programs

Accelerated Approval

Under FDA's accelerated approval regulations, the FDA may approve a drug or biologic candidate for a serious or life-threatening illness that provides meaningful therapeutic benefit to patients over existing treatments and demonstrates an effect on either a surrogate endpoint that is reasonably likely to predict clinical benefit or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality ("IMM"), that is reasonably likely to predict an effect on IMM or other clinical benefit, taking into account the severity, rarity, or prevalence of the disease or condition and the availability or lack of alternative treatments. A product candidate approved on this basis is subject to rigorous post-marketing compliance requirements, including the completion of post-approval clinical trial to confirm the effect on the clinical endpoint. Failure to conduct required post-approval studies, or to confirm a clinical benefit during post-marketing studies, will allow the FDA to withdraw the product from the market on an expedited basis. All promotional materials for product candidates approved under accelerated regulations are subject to prior review by the FDA.

Breakthrough Designation

Another program available for sponsors is the breakthrough therapy designation. A drug or biologic may be eligible for designation as a breakthrough therapy if the product is intended, alone or in combination with one or more other drugs or biologics, to treat a serious or life-threatening condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over currently approved therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. A sponsor may request that a product be designated as a breakthrough therapy concurrently with, or at any time after, the submission of an IND, and the FDA must determine if the candidate qualifies for such designation within 60 days of receipt of the request. If so designated, the FDA shall act to expedite the development and review of the product's marketing application, including by meeting with the sponsor throughout the product's development, providing timely advice to the sponsor to ensure that the development program to gather pre-clinical and clinical data is as efficient as practicable.

Orphan Drugs

Under the Orphan Drug Act, the FDA may grant orphan drug designation to drugs or biologic candidates intended to treat a rare disease or condition generally affecting fewer than 200,000 individuals in the U.S. The first applicant to receive FDA approval for the disease or indication for which it has orphan drug designation is entitled to a seven-year exclusive marketing period. During the exclusivity period, the FDA may not approve any other applications to market the same product for the same disease or condition except in limited circumstance.

Post-Marketing Requirements

Following approval of a new product, the manufacturer and the approved product are subject to continuing regulation by the FDA, including, among other things, monitoring and record-keeping activities, reporting of adverse experiences, complying with promotion and advertising requirements, which include restrictions on promoting products for unapproved uses or patient populations (known as "off-label use") and limitations on industry-sponsored scientific and educational activities. Although physicians may prescribe legally available products for off-label uses, manufacturers may not market or promote such uses. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability, including investigation by federal and state authorities. Prescription drug promotional materials must be submitted to the FDA in conjunction with their first use or first publication. Further, if there are any modifications to the drug or biologic, including changes in indications, labeling or manufacturing processes or facilities, the applicant may be required to submit and obtain FDA approval of a new BLA or BLA supplement, which may require the development of additional data or pre-clinical studies and clinical trials. The FDA may also place other conditions on approvals including the requirement for a risk evaluation and mitigation strategy ("REMS"), to assure the safe use of the product. If the FDA concludes a REMS is needed, the sponsor of the BLA must submit a proposed REMS. The FDA will not approve the BLA without an approved REMS, if required. A REMS could include medication guides, physician communication plans or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of products. Product approvals may be withdrawn for non-compliance with regulatory standards or if problems occur following initial marketing.

FDA regulations require that products be manufactured in specific approved facilities and in accordance with cGMP regulations. We rely, and expect to continue to rely, on third parties for the production of clinical and commercial quantities of our products in accordance with cGMP regulations. These manufacturers must comply with cGMP regulations that require, among other things, quality control and quality assurance, the maintenance of records and documentation and the obligation to investigate and correct any deviations from cGMP.

Manufacturers and other entities involved in the manufacture and distribution of approved drugs or biologics are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP requirements and other laws. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain cGMP compliance. The discovery of violative conditions, including failure to conform to cGMP regulations, could result in enforcement actions, and the discovery of problems with a product after approval may result in restrictions on a product, manufacturer or holder of an approved BLA, including recall.

Once an approval is granted, the FDA may issue enforcement letters or withdraw the approval of the product if compliance with regulatory requirements and standards is not maintained or if problems occur after the drug or biologic reaches the market. Corrective action could delay drug or biologic distribution and require significant time and financial expenditures. Later discovery of previously unknown problems with a drug or biologic, including AEs of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the drug or biologic, suspension of the approval, complete withdrawal of the drug from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve applications or supplements to approved applications, or suspension or revocation of drug or biologic approvals; drug or biologic seizure or detention, or refusal to permit the import or export of drugs; or
- injunctions or the imposition of civil or criminal penalties.

Patient Protection and Affordable Health Care Act

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act (collectively the "ACA") became law in the United States March 2010, and have driven healthcare reform in the United States by extending health insurance coverage and substantially changing the way healthcare financed by both governmental and private insurers in the United States. With regard to pharmaceutical products specifically, the ACA, among other things, expanded and increased industry rebates for drugs covered under Medicaid programs and made changes to the coverage requirements under the Medicare prescription drug benefit. Among other things, the ACA contains provisions that may reduce the profitability of drug products through increased rebates for drugs reimbursed by Medicaid programs, extension of Medicaid rebates to Medicaid managed care plans, and mandatory discounts for certain Medicare Part D beneficiaries and annual fees based on pharmaceutical companies' share of sales to federal health care programs.

Since its enactment, there have been judicial and Congressional challenges to certain aspects of the ACA, and there may be additional challenges and amendments to the ACA in the future. Since January 2017, President Trump has signed Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, several bills affecting the implementation of certain taxes under the ACA have passed, for example, the Tax Act enacted

by the Congress in 2017 which eliminated the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." In addition, the 2020 federal spending package permanently eliminates, effective January 1, 2020, the ACA-mandated "Cadillac" tax on high-cost employer-sponsored health coverage and medical device tax and, effective January 1, 2021, also eliminates the health insurer tax. There may be other efforts to challenge, repeal or replace the ACA. We will continue to evaluate the effect that the ACA and its possible repeal and replacement has on our business.

Patent Term Restoration and Marketing Exclusivity

After approval, owners of relevant drug or biological product patents may apply for up to a five-year patent extension to restore a portion of patent term lost during product development and FDA review of a BLA if approval of the application is the first permitted commercial marketing or use of a biologic containing the active ingredient under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Act. The allowable patent term extension is calculated as one-half of the product's testing phase, which is the time between IND and BLA submission, and all of the review phase, which is the time between BLA submission and approval, up to a maximum of five years. The time can be shortened if the FDA determines that the applicant did not pursue approval with due diligence. The total patent term after the extension may not exceed more than 14 years from the date of FDA approval of the product. Only one patent claiming each approved product is eligible for restoration, only those claims covering the approved product, a method for using it, or a method for manufacturing it may be extended, and the patent holder must apply for restoration within 60 days of approval. The USPTO, in consultation with the FDA, reviews and approves the application for patent term restoration. For patents that might expire during the application phase, the patent owner may request an interim patent extension. An interim patent extension increases the patent term by one year and may be renewed up to four times. For each interim patent extension granted, the post-approval patent extension is reduced by one year. The director of the USPTO must determine that approval of the drug candidate covered by the patent for which a patent extension is being sought is likely. Interim patent extensions are not available for a drug candidate for which a BLA has not been submitted.

OVERVIEW

We are a biotechnology company with multiple clinical-stage assets. We primarily focus on the in-house discovery and development of innovative biological therapies while collaborating with other pharmaceutical and biotechnology companies to address some large underserved medical needs in the autoimmune and oncology therapeutic areas, such as in atopic dermatitis, asthma, chronic rhinosinusitis and gastric cancer. Our history traces back to September 2016 when Chengdu Keymed, our principal operating subsidiary, was established in the PRC. Under the leadership of Dr. Chen, Dr. Wang and Dr. Xu, we have experienced rapid business growth and advancement in the research and development process of our drug candidates since our establishment. For further details of the background and experience of Dr. Chen, Dr. Wang and Dr. Xu, please refer to the section headed "Directors and Senior Management" in this prospectus.

Our Company was incorporated in the Cayman Islands on April 23, 2018 and is the holding company of our Group. Throughout the years, we have attracted investors including certain sophisticated healthcare and biotech funds. For details of our historical financing and corporate restructuring, please refer to the paragraphs headed "– Pre-IPO Investments" and "– Reorganization" in this section.

OUR MILESTONES

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

Year	Milestone
2016	Chengdu Keymed, our principal operating subsidiary, was established in September.
	We undertook the Angel Round Financing to raise RMB16.5 million in October.
2018	We undertook the Series A Financing to raise approximately US$25.2 million in May.
2019	We obtained IND approval from the NMPA for CM310 in July and initiated the Phase I trial in September.
	We undertook the Series B Financing to raise approximately US$59.1 million in December.

Year	Milestone
2020	We obtained IND approval from the NMPA for MIL95/CM312 in May.
	We initiated the Phase Ib/ IIa clinical trial to evaluate CM310 in patients with moderate-to-severe AD in June.
	We obtained IND approval from the NMPA for CMG901 in October and initiated the first patient dosing in December.
	We obtained IND approval from the NMPA for CM313 in November.
	We initiated a Phase IIb clinical trial to evaluate CM310 in patients with moderate-to-severe AD in November and a Phase II trial to evaluate CM310 in patients with CRSwNP in December.
2021	We undertook the Series C Financing to raise approximately US$130 million in February.
	We obtained IND approval from NMPA for CM326 in March.
	We obtained IND approval from FDA for CMG901 in March.

OUR PRINCIPAL SUBSIDIARIES

As of the Latest Practicable Date, we had ten wholly-owned subsidiaries and two non-wholly owned subsidiaries. The following sets forth details of our principal subsidiaries[1] through which we conduct our principal businesses:

Name	Date and place of incorporation	Share capital/ Registered capital	Percentage of equity attributable to the Company	Principal business activities
Chengdu Keymed	September 1, 2016, PRC	US$56,662,362	100%	Research and development
Chengdu Kangnuo Xing	November 9, 2017, PRC	RMB12,300,000	81.3%	Development and manufacturing

1. We have determined our principal subsidiaries by ascertaining the subsidiaries that has made a material contribution to our Group's results during the Track Record Period. As we are a pre-revenue Biotech Company (as defined under Chapter 18A of the Listing Rules) focused on the research and development of its Biotech Products (as defined under Chapter 18A of the Listing Rules), we consider the most relevant financial metrics for the purpose of ascertaining its principal subsidiaries is the research and development expenses incurred by each of our subsidiaries. Chengdu Keymed and Chengdu Kangnuo Xing has the highest level of research and development expenses during the Track Record Period and they are therefore regarded as the Company's principal subsidiaries.

For details of all our subsidiaries, please refer to "II. Notes to the Historical Financial Information – 1. Corporate Information" in the Accountants' Report as set out in Appendix I to this prospectus.

CORPORATE DEVELOPMENT

The following sets forth the major corporate history and shareholding changes of our Company, Chengdu Keymed and Chengdu Kangnuo Xing.

Our Company

Incorporation and Initial Issuance of Ordinary Shares

Our Company was incorporated in the Cayman Islands on April 23, 2018 as an exempted company with limited liability. The initial subscriber Vistra (Cayman) Limited transferred one Ordinary Share of our Company to Moonshot on the same day. The one Ordinary Share was subdivided to 100 Ordinary Shares and Moonshot was allotted an additional 67,098,109 Ordinary Shares on May 2, 2018.

Moonshot is a limited company incorporated in the British Virgin Islands on March 13, 2018 and was then held as to 73.38%, 13.31% and 13.31% by Dr. Chen, Dr. Xu and Ms. Toscano. As of the Latest Practicable Date, it was held as to 65.36%, 13.31%, 13.31% and 8.02% by Dr. Chen, Dr. Xu, Ms. Toscano and Dr. Jia, respectively.

Issuance of Series Pre-A Preferred Shares pursuant to the Reorganization

On May 2, 2018 and June 21, 2018, as part of the Reorganization (which also reflected our Angel Round Financing), our Company allotted and issued a total of 25,758,891 Series Pre-A Preferred Shares to the following Shareholders, whereas these Shareholders and/or their affiliates transferred the equity interests they then indirectly held in in Chengdu Keymed to our Group correspondingly:

Shareholders	**Number of Series Pre-A Preferred Shares**
Moonshot	10,714,273
Legendstar Fund I, L.P.	7,589,262
VAST EQUITY HOLDINGS LIMITED ("**Vast Equity**")	7,455,356

For details of the Angel Round Financing and the Reorganization, please refer to the paragraphs headed "– Chengdu Keymed – Incorporation and Angel Round Financing" and "– Reorganization" in this section, respectively.

Issuance of Shares pursuant to Series A Financing

Pursuant to a share purchase agreement dated May 15, 2018 (the "**Series A Preferred Share Purchase Agreement**") entered into by and between, among others, the following investors (the "**Series A Investors**") and our Company, the Series A Investors subscribed for and our Company allotted and issued a total of 32,000,000 Series A Preferred Shares at a purchase price of US$0.7876 per Series A Preferred Share for a total consideration of approximately US$25.2 million (the "**Series A Financing**") on June 21, 2018. The consideration was determined with reference to the status of development of our Company's drug candidates, especially the Core Product of our Company, and after arm's length negotiation.

Series A Investors	Number of Series A Preferred Shares	Purchase Price *(USD)*
Suzhou Hankang Venture Investment Partnership (Limited Partnership) (蘇州建信漢康創業投資合夥企業(有限合夥), "**Suzhou Hankang**")	12,000,000	9,451,200
Hankang Capital Management Limited	1,000,000	787,600
HH KNY Holdings Limited	13,000,000	10,238,800
Chengdu CDHTI Venture Capital Co., LTD (成都高投創業投資有限公司, "**CDHTI Venture Capital**")	2,000,000	1,575,200
Legendstar Fund I, L.P.	2,000,000	1,575,200
Alphabio Investment Co. Ltd	2,000,000	1,575,200

For details, please refer to the paragraphs headed "– Pre-IPO Investments" in this section.

The shareholding structure of our Company upon completion of the issuance of Shares pursuant to the Reorganization and the Series A Financing (on a fully converted basis) was as set forth below:

Name of Shareholder	Number of Shares	Class of Shares	Shareholding percentage
Moonshot	67,098,209	Ordinary Shares	62.32%
	10,714,273	Series Pre-A Preferred Shares	
HH KNY Holdings Limited	13,000,000	Series A Preferred Shares	10.41%
Suzhou Hankang	12,000,000	Series A Preferred Shares	9.61%
Hankang Capital Management Limited	1,000,000	Series A Preferred Shares	0.80%
Legendstar Fund I, L.P.	7,589,262	Series Pre-A Preferred Shares	7.68%
	2,000,000	Series A Preferred Shares	
Vast Equity	7,455,356	Series Pre-A Preferred Shares	5.97%
CDHTI Venture Capital	2,000,000	Series A Preferred Shares	1.60%
Alphabio Investment Co. Ltd	2,000,000	Series A Preferred Shares	1.60%
Total	**124,857,100**		**100%**

Issuance of Shares pursuant to Series B Financing

Pursuant to a series B preferred share purchase agreement dated December 10, 2019 (the "**Series B Preferred Share Purchase Agreement**") entered into by and between, amongst others, the following investors (the "**Series B Investors**") and our Company, the Series B Investors subscribed for and our Company allotted and issued a total of 36,928,277 Series B Preferred Shares at a purchase price of US$1.6004 per Series B Preferred Share for a total consideration of approximately US$59.1 million (the "**Series B Financing**") on December 19, 2019. The consideration was determined with reference to the status of development of the drug candidates of our Company, especially that of the Core Product, and after arm's length negotiation.

Series B Investors	**Number of Series B Preferred Shares**	**Purchase Price** *(USD)*
LAV Biosciences Fund V, L.P.	4,686,328	7,500,000
Suzhou Likang Equity Investment Centre (LP) (蘇州禮康股權投資中心(有限合夥), "**Suzhou Likang**")	4,686,328	7,500,000
Jumbogood Corporation	4,248,948	6,800,016
Nanjing Jianye Sanzheng Shunxin Equity Investment Partnership (Limited Partnership) (南京建鄴叁正順心股權投資合夥企業(有限合夥), "**Nanjing Sanzheng Shunxin**")	2,186,953	3,500,000
State Development & Investment Corporation (SDIC) Gaoxin (Shenzhen) VC Fund (Limited Partnership) (國投高新(深圳)創業投資基金(有限合夥)) ("**SDIC Gaoxin (Shenzhen) VC Fund**")	2,655,586	4,250,000
Vantage Estate Limited	1,265,309	2,025,000
Legendstar Fund I, L.P.	1,265,309	2,025,000
HH KNY Holdings Limited	9,372,657	15,000,000
Ningbo Meishan Bonded Area Fengchuanhongbo Investment Management L.P. (寧波梅山保稅港區豐川弘博投資管理合夥企業(有限合夥), "**Ningbo Fengchuan Hongbo**")	1,562,109	2,500,000
Alphabio Investment Co. Ltd	1,562,109	2,500,000
Hankang Biotech Fund I, L.P.	3,124,219	5,000,000
Hankang Capital Management Limited	312,422	500,000

For details, please refer to the paragraphs headed "– Pre-IPO Investments" in this section.

The shareholding structure of our Company upon completion of the issuance of Shares pursuant to the Series B Financing (on a fully converted basis) was as set forth below:

Name of Shareholder	Number of Shares	Class of Shares	Shareholding percentage
Moonshot	67,098,209	Ordinary Shares	48.10%
	10,714,273	Series Pre-A Preferred Shares	
HH KNY Holdings Limited	13,000,000	Series A Preferred Shares	13.83%
	9,372,657	Series B Preferred Shares	
Suzhou Hankang	12,000,000	Series A Preferred Shares	7.42%
Hankang Biotech Fund I, L.P.	3,124,219	Series B Preferred Shares	1.93%
Hankang Capital Management Limited	1,000,000	Series A Preferred Shares	0.81%
	312,422	Series B Preferred Shares	
Legendstar Fund I, L.P.	7,589,262	Series Pre-A Preferred Shares	6.71%
	2,000,000	Series A Preferred Shares	
	1,265,309	Series B Preferred Shares	
Vantage Estate Limited	1,265,309	Series B Preferred Shares	0.78%
LAV Biosciences Fund V, L.P.	4,686,328	Series B Preferred Shares	2.90%
Suzhou Likang	4,686,328	Series B Preferred Shares	2.90%
Vast Equity	7,455,356	Series Pre-A Preferred Shares	4.61%
Jumbogood Corporation	4,248,948	Series B Preferred Shares	2.63%
Alphabio Investment Co. Ltd	2,000,000	Series A Preferred Shares	2.20%
	1,562,109	Series B Preferred Shares	
Nanjing Sanzheng Shunxin	2,186,953	Series B Preferred Shares	1.35%
Ningbo Fengchuan Hongbo	1,562,109	Series B Preferred Shares	0.97%
SDIC Gaoxin (Shenzhen) VC Fund	2,655,586	Series B Preferred Shares	1.64%
CDHTI Venture Capital	2,000,000	Series A Preferred Shares	1.24%
Total	**161,785,377**		**100%**

Issuance of Shares pursuant to Series C Financing and Repurchase of Shares

Pursuant to a series C preferred share purchase agreement dated February 10, 2021 (the "**Series C Preferred Share Purchase Agreement**") entered into by and between, amongst others, the following investors (the "**Series C Investors**") and our Company, the Series C Investors subscribed for and our Company allotted and issued a total of 35,422,353 Series C Preferred Shares at a purchase price of US$3.67 per Series C Preferred Share for a total consideration of approximately US$130 million (the "**Series C Financing**") on March 3, 2021. The consideration was determined with reference to the status of development of the drug candidates of our Company, especially that of the Core Product, and after arm's length negotiation.

Concurrently with the Series C Financing, our Company repurchased 2,452,317 Series Pre-A Preferred Shares from Vast Equity for a consideration of US$9,000,000. Vast Equity remains interested in 5,003,039 Series Pre-A Preferred Shares upon completion of the repurchase.

Series C Investors	**Number of Series C Preferred Shares**	**Purchase Price** *(USD)*
Hankang Capital Management Limited	136,240	500,000
HH KNY Holdings Limited	3,542,235	13,000,000
Legendstar Fund I, L.P.,	136,240	500,000
LAV Biosciences Fund V, L.P.	1,021,799	3,750,000
Jumbogood Corporation	953,679	3,500,000
Spring Aquila Limited	13,623,979	50,000,000
FC Capital Partners Management Limited	136,240	500,000
Orchids Limited	1,021,799	3,750,000
Charming Union Limited	3,814,714	14,000,000
Biofortune Investment, L.P.	681,199	2,500,000
Tekful Limited	544,960	2,000,000
Polar Grace Limited	408,720	1,500,000
LBC Sunshine Healthcare Fund II L.P. ("**Lake Bleu**")	4,087,194	15,000,000
Mirae Asset Growth 3 Investment Company	408,720	1,500,000
CRF Investment Holdings Company Limited	1,362,398	5,000,000
H&D (SINGAPORE) INVESTMENT HOLDING Pte. Ltd. ("**H&D Investment**")	272,480	1,000,000
Chengdu Bio-town No. 1 Equity Investment Fund Partnership (Limited Partnership) 成都生物城一號股權投資基金合夥企業(有限合夥) ("**Chengdu Bio-town No. 1 Fund**")	2,043,597	7,500,000
CPE Greater China Enterprises Growth Fund	544,960	2,000,000
Yi Fang Da Pluto Inv. Ltd	272,480	1,000,000
EASY PATH VENTURES LIMITED ("**Easy Path Ventures**")	408,720	1,500,000

For details, please refer to the paragraphs headed "– Pre-IPO Investments" in this section.

The shareholding structure of our Company upon completion of the issuance of Shares pursuant to the Series C Financing and the abovementioned repurchase of Shares from Vast Equity (on a fully converted basis) was as set forth below:

Name of Shareholder	Number of Shares	Class of Shares	Shareholding percentage
Moonshot	67,098,209	Ordinary Shares	39.95%
	10,714,273	Series Pre-A Preferred Shares	
HH KNY Holdings Limited	13,000,000	Series A Preferred Shares	13.31%
	9,372,657	Series B Preferred Shares	
	3,542,235	Series C Preferred Shares	
Suzhou Hankang	12,000,000	Series A Preferred Shares	6.16%
Hankang Biotech Fund I, L.P.	3,124,219	Series B Preferred Shares	1.60%
Hankang Capital Management Limited	1,000,000	Series A Preferred Shares	0.74%
	312,422	Series B Preferred Shares	
	136,240	Series C Preferred Shares	
Spring Aquila Limited	13,623,979	Series C Preferred Shares	7.00%
Legendstar Fund I, L.P.	7,589,262	Series Pre-A Preferred Shares	5.64%
	2,000,000	Series A Preferred Shares	
	1,265,309	Series B Preferred Shares	
	136,240	Series C Preferred Shares	
Vantage Estate Limited	1,265,309	Series B Preferred Shares	0.65%
LAV Biosciences Fund V, L.P.	4,686,328	Series B Preferred Shares	2.93%
	1,021,799	Series C Preferred Shares	
Suzhou Likang	4,686,328	Series B Preferred Shares	2.41%
Orchids Limited	1,021,799	Series C Preferred Shares	0.52%
Jumbogood Corporation	4,248,948	Series B Preferred Shares	2.67%
	953,679	Series C Preferred Shares	
Charming Union Limited	3,814,714	Series C Preferred Shares	1.96%
Nanjing Sanzheng Shunxin	2,186,953	Series B Preferred Shares	1.12%
Biofortune Investment, L.P.	681,199	Series C Preferred Shares	0.35%
Vast Equity	5,003,039	Series Pre-A Preferred Shares	2.57%
Lake Bleu	4,087,194	Series C Preferred Shares	2.10%
Alphabio Investment Co. Ltd	2,000,000	Series A Preferred Shares	1.83%
	1,562,109	Series B Preferred Shares	
Ningbo Fengchuan Hongbo	1,562,109	Series B Preferred Shares	0.80%
FC Capital Partners Management Limited	136,240	Series C Preferred Shares	0.07%
SDIC Gaoxin (Shenzhen) VC Fund	2,655,586	Series B Preferred Shares	1.36%
Chengdu Bio-town No. 1 Fund	2,043,597	Series C Preferred Shares	1.05%
CDHTI Venture Capital	2,000,000	Series A Preferred Shares	1.03%
CRF Investment Holdings Company Limited	1,362,398	Series C Preferred Shares	0.69%
CPE Greater China Enterprises Growth Fund	544,960	Series C Preferred Shares	0.28%

Name of Shareholder	Number of Shares	Class of Shares	Shareholding percentage
Tekful Limited	544,960	Series C Preferred Shares	0.28%
Mirae Asset Growth 3 Investment Company	408,720	Series C Preferred Shares	0.21%
Polar Grace Limited	408,720	Series C Preferred Shares	0.21%
Easy Path Ventures	408,720	Series C Preferred Shares	0.21%
H&D Investment	272,480	Series C Preferred Shares	0.14%
Yi Fang Da Pluto Inv. Ltd	272,480	Series C Preferred Shares	0.14%
Total	**194,755,413**		**100%**

Issuance of Shares to ESOP Trust

On April 7, 2021, we allotted and issued 17,976,153 Ordinary Shares to Eagle Hero which holds the Shares underlying the awards under the Restricted Share Unit Scheme for the ESOP Trust. For details, please refer to the paragraph headed "Restricted Share Unit Scheme" in this section.

Chengdu Keymed

Incorporation and Angel Round Financing

Chengdu Keymed was incorporated in the PRC on September 1, 2016 and upon incorporation, its registered capital of US$1,356,000 was held by iBridge HK Holdings Limited ("**iBridge HK**") and Wealth Venture Enterprises (Hong Kong) Limited ("**Wealth Venture HK**") as to 88.90% and 11.10%, respectively.

On October 25, 2016, Chengdu Keymed, iBridge HK, Wealth Venture HK, Tibet Starlight Galaxy Investment Center (LP) ("**Starlight Galaxy**") and Xiamen Zhitou Investment Co., Ltd. ("**Xiamen Zhitou**") entered into an equity transfer and capital increase agreement pursuant to which iBridge HK and Wealth Venture HK transferred the unpaid registered capital of US$90,085.00 and US$26,565.00 they respectively held in Chengdu Keymed at nil consideration to Starlight Galaxy. Pursuant to the same agreement, the parties also agreed to increase Chengdu Keymed's registered capital to US$1,484,252, amongst the increase in registered capital of US$128,252, Starlight Galaxy and Xiamen Zhitou subscribed for US$9,511 and US$118,741 for a consideration of RMB8,500,000 (including payment for the abovementioned transfer of unpaid registered capital) and RMB8,000,000, respectively (the "**Angel Round Financing**"). The consideration for the subscription of registered capital was determined with reference to the business prospect of our Group after arm's length negotiation. Starlight Galaxy is managed by its sole general partner, Tibet Dazi Legend Star Management Consulting Co., Ltd. (西藏達孜聯星管理諮詢有限公司), which is in turn indirectly wholly-owned by Legend Holdings Corporation (聯想控股股份有限公司). Xiamen Zhitou is ultimately controlled by Mr. Zhang Biquan, Xiamen Zhitou was a financial investor and an Independent Third Party.

Prior to the Reorganization, iBridge HK was a limited company incorporated in Hong Kong and was indirectly held as to 73.38%, 13.31% and 13.31% by Dr. Chen, Dr. Xu and Ms. Toscano. Ms. Toscano is the spouse of Dr. Wang and holds the interest as part of their family arrangement. Wealth Venture HK was a limited company incorporated in Hong Kong and was indirectly wholly owned by Mr. Choy Yee Shui.

The shareholding structure of Chengdu Keymed upon completion of the equity transfer and increase of registered capital on November 23, 2016 was as set forth below:

Name of Shareholder	**Registered Capital** *(USD)*	**Percentage of registered capital holding** *(%)*
iBridge HK	1,115,415	75.15
Wealth Venture HK	123,935	8.35
Starlight Galaxy	126,161	8.50
Xiamen Zhitou	118,741	8.00
	1,484,252	**100**

Capital Increase and Equity Transfer in 2018 prior to Reorganization

Pursuant to a capital increase agreement dated February 12, 2018, the registered capital of Chengdu Keymed was increased from US$1,484,252 to US$1,662,362 and iBridge HK subscribed for the increased registered capital of US$178,110 at a consideration of RMB30,000,000. The consideration was determined with reference to the then business advancement and future business prospects of our Group after arm's length negotiation.

Pursuant to an equity transfer agreement dated February 20, 2018 entered into between Xiamen Zhitou and I CARE Investment Chengdu Co., Ltd. ("**I CARE**"), Xiamen Zhitou transferred the registered capital of US$118,741 in Chengdu Keymed, representing all of its equity interest in Chengdu Keymed, to I CARE for a consideration of RMB35,500,000. The consideration was determined with reference to the then business advancement and future business prospects of our Group and after arm's length negotiation between the parties. The abovementioned capital increase and equity transfer were both completed on March 8, 2018.

Pursuant to an equity transfer agreement dated April 9, 2018 entered into between I CARE and iBridge HK, I CARE transferred the registered capital of US$118,741 of Chengdu Keymed, representing all of its equity interest in Chengdu Keymed, to iBridge HK at the consideration of RMB35,500,000. The equity transfer was completed on April 17, 2018.

Upon completion of the abovementioned capital increase and equity transfers, Chengdu Keymed was held as to 84.95%, 7.46% and 7.59% by iBridge HK, Wealth Venture HK and Starlight Galaxy, respectively.

Our PRC Legal Adviser has confirmed that the increases of registered capital and equity transfers in respect of Chengdu Keymed as described above have been properly and legally completed and all regulatory approvals have been obtained in accordance with PRC laws and regulations.

Chengdu Kangnuo Xing

Chengdu Kangnuo Xing was established in the PRC on November 9, 2017 and Dr. Xu was its sole shareholder upon incorporation. Pursuant to an equity transfer agreement dated March 29, 2018, Dr. Xu transferred the RMB10,000,000 unpaid registered capital of Chengdu Kangnuo Xing, representing 100% equity interest of Chengdu Kangnuo Xing at the time, to Chengdu Keymed at nil consideration.

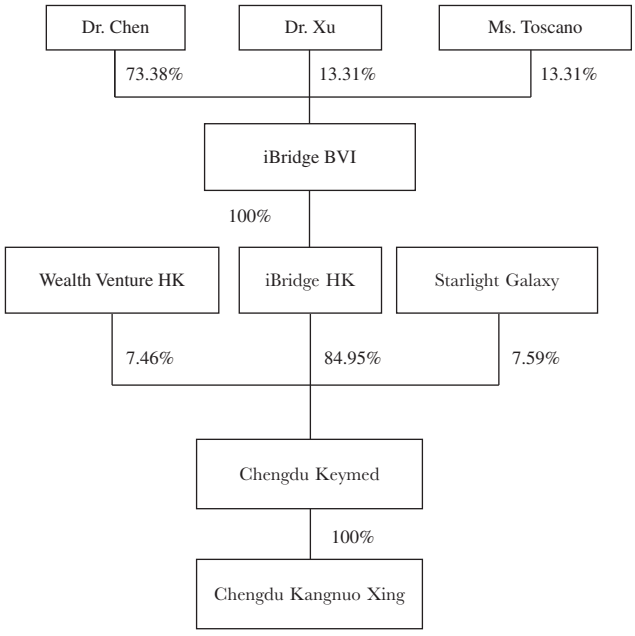
Pursuant to a capital increase agreement dated July 8, 2019, the registered capital of Chengdu Kangnuo Xing was increased from RMB10,000,000 to RMB12,000,000 and Chengdu High-tech New Economy Venture Capital Co., Ltd. (成都高新新經濟創業投資有限公司) ("**Chengdu High-tech**") subscribed for the increased registered capital of RMB2,000,000 at a consideration of RMB100,000,000. The consideration was determined with reference to the then valuation of Chengdu Kangnuo Xing of RMB500,000,000 as agreed by and after arm's length negotiation between the parties. Upon completion of the capital increase and subscription of registered capital on July 30, 2019, Chengdu Kanguo Xing was held as to 83.33% and 16.67% by Chengdu Keymed and Chengdu High-tech, respectively.

Pursuant to a capital increase agreement dated March 17, 2020, the registered capital of Chengdu Kangnuo Xing was increased from RMB12,000,000 to RMB12,300,000 and Chengdu Bio-town Equity Investment Co., Ltd. (成都生物城股權投資有限公司) ("**Chengdu Bio-town Equity**") subscribed for the increased registered capital of RMB300,000 at a consideration of RMB15,000,000. The consideration was determined with reference to the then valuation of Chengdu Kangnuo Xing of RMB500,000,000 as agreed by and after arm's length negotiation between the parties. Pursuant to the terms of the agreement, the equity interest held by Chengdu High-tech and Chengdu Bio-town Equity can be transferred back to Chengdu Kangnuo Xing at a pre-agreed price, and the equity acquisition is accounted for as debt financing from an accounting perspective. For more details, please refer to the paragraphs headed "Financial Information – Description of Selected Components of Statements of Profit or Loss and other Comprehensive Income – Finance Costs" in this prospectus. Upon completion of the capital increase and subscription of registered capital on April 13, 2020, Chengdu Kangnuo Xing was held as to 81.33%, 16.26% and 2.44% by Chengdu Keymed, Chengdu High-tech and Chengdu Bio-town Equity, respectively.

Our PRC Legal Adviser has confirmed that the increases of registered capital and equity transfer in respect of Chengdu Kangnuo Xing as described above have been properly and legally completed and all regulatory approvals have been obtained in accordance with PRC laws and regulations.

REORGANIZATION

We underwent the following steps of Reorganization. The following chart sets forth a simplified shareholding structure immediately prior to the Reorganization:



Step 1: Incorporation of our Company

Our Company was incorporated in the Cayman Islands on April 23, 2018 as an exempted company with limited liability. The initial authorized share capital of our Company was US$50,000 divided into 500,000,000 Shares with a par value of US$0.0001. For details on the incorporation and initial issuance of Shares by our Company, please refer to the paragraph headed "Corporate Development – Our Company – Incorporation and Initial Issuance of Ordinary Shares" in this section.

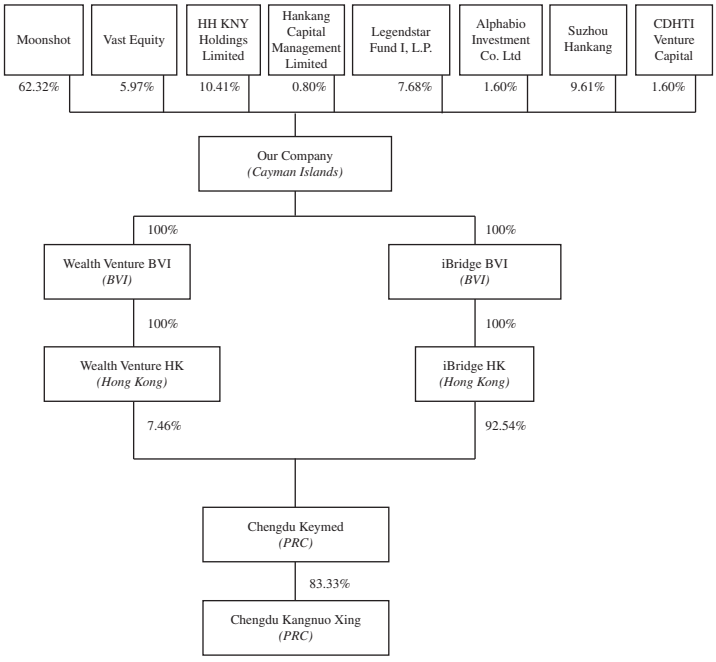
Step 2: Injection of iBridge BVI and Wealth Venture BVI

On May 2, 2018, Dr. Chen, Dr. Xu and Ms. Toscano entered into a share transfer agreement with our Company and Moonshot, pursuant to which they transferred their entire interest in iBridge Holdings Limited ("**iBridge BVI**", being the sole shareholder of iBridge HK) to the Company and in exchange, our Company allotted and issued 67,098,109 Ordinary Shares and 10,714,273 Series Pre-A Preferred Shares to Moonshot on the same date. Mr. Choy Yee Shui also entered into a share transfer agreement with our Company and Vast Equity (a BVI company wholly owned by Mr. Choy), pursuant to which he transferred his entire interest in Wealth Venture Enterprises Limited ("**Wealth Venture BVI**", being the sole shareholder of Wealth Venture HK) to the Company and in return the Company issued and allotted 7,455,356 Series Pre-A Preferred Shares to Vast Equity. Upon completion of the injection, Chengdu Keymed was owned as to 92.41% by our Company through iBridge BVI and Wealth Venture BVI and 7.59% by Starlight Galaxy.

Step 3: Subscription by our Series A Investors and Exchange of Starlight Galaxy's Interest

Concurrently with the Series A Financing and pursuant to the Reorganization, Starlight Galaxy and iBridge HK also entered into an equity transfer agreement on May 15, 2018 pursuant to which Starlight Galaxy agreed to transfer its entire interest in Chengdu Keymed to iBridge HK at a consideration of the USD equivalent of RMB8,500,000, and as part of the transaction, the Company agreed to issue 7,589,262 Series Pre-A Preferred Shares to Legendstar Fund I, L.P. (an affiliate of Starlight Galaxy) at a subscription price of the USD equivalent of RMB8,500,000 in the Series A Financing. The Series Pre-A Preferred Shares were allotted and issued to Legendstar Fund I, L.P. on June 21, 2018 and was fully settled by Legendstar Fund I, L.P. on September 19, 2018.

Upon completion of Step 3, our simplified shareholding structure is as follows (including the issuance of Shares pursuant to Series A Financing):



Our PRC Legal Adviser is of the view that the steps of the Reorganization which were conducted in the PRC were conducted in compliance with applicable laws and regulations of the PRC and has been legally completed and duly registered with local registration authorities of the PRC.

RESTRICTED SHARE UNIT SCHEME

Our Company adopted the Restricted Share Unit Scheme on April 5, 2021 and on April 7, 2021, a total of 17,976,153 Ordinary Shares were allotted and issued to Eagle Hero which holds the Shares underlying the awards under the Restricted Share Unit Scheme. As of the Latest Practicable Date, no RSUs have been granted under the Restricted Share Unit Scheme.

For details, please refer to the paragraph headed "D. Share Incentive Schemes – 1. RSU Scheme" in Appendix IV to this prospectus. In order to facilitate the administration of the Restricted Share Unit Scheme, the Company has established the ESOP Trust by entering into a trust deed with Trident Trust Company (HK) Limited, as trustee of the ESOP Trust. Dr. Chen, as the adviser of the ESOP Trust, is able to exercise voting rights attached to the Shares held by the Eagle Hero.

PRE-IPO INVESTMENTS

The Pre-IPO Investments included: (i) Angel Round Financing; (ii) Series A Financing; (iii) Series B Financing and (iv) Series C Financing. The Angel Round Financing was conducted at the level of Chengdu Keymed and the Series A Financing, Series B Financing and Series C Financing were conducted at our Company's level.

The basis of determination for the consideration for the Pre-IPO Investments were from arm's length negotiations between our Company and the Pre-IPO Investors after taking into consideration the timing of the investments and the status of our business and operating entities.

	Angel Round Financing	Series A Financing[4]	Series B Financing[4]	Series C Financing[4]
Date of agreement	October 25, 2016	May 15, 2018	December 10, 2019	February 10, 2021
Date of which investment was fully settled by the Pre-IPO Investors	November 4, 2016	April 26, 2020	December 22, 2020	March 9, 2021
Cost per Share paid[1]	RMB1.12	US$0.7876	US$1.6004	US$3.67
Discount to the Offer Price[2]	97.39%	88.22%	76.06%	45.10%
Amount of consideration paid	RMB16,500,000	US$25,203,200	US$59,100,016	US$130,000,000
Post-money valuation of our Company[3]	RMB 100,000,000	Approximately US$98 million	Approximately US$259 million	Approximately US$781 million
Lock-Up Period	The equity securities of our Company acquired by the Pre-IPO Investors in the Pre-IPO Investments will be subject to a lock-up period of 180 days from the Listing Date.			
Use of proceeds from the Pre-IPO Investments	The proceeds have been used to support the business expansion, capital expenditure and as working capital of our Group, including the research and development activities conducted for our drug candidates, in accordance with the business plans as approved by our Board. As of the Latest Practicable Date, approximately 20% of the net proceeds from the Pre-IPO investments by the Pre-IPO Investors were utilized. We intend to utilize the remaining net proceeds from the Pre-IPO Investments after the Global Offering.			

	Angel Round Financing	Series A Financing[4]	Series B Financing[4]	Series C Financing[4]

Strategic benefits of the Pre-IPO Investors brought to our Company

At the time 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 the Pre-IPO Investors' knowledge and experience. The Pre-IPO Investments also signify our Pre-IPO Investors' endorsement of and confidence in our Company. Further, our non-executive Directors represent certain of our Pre-IPO Investors and they complement our executive Directors to support good corporate governance.

Notes:

1. The cost per Share paid for the Angel Round Financing is calculated based on the subscription price paid by Starlight Galaxy and the number of Series Pre-A Preferred Shares it received pursuant to the Reorganization.

2. The discount to the Offer Price is calculated based on the Offer Price of HK$51.9 per Share, being the mid-point of the offer price range, and the conversion of the Shares into Ordinary Shares having completed prior to the Listing.

3. For the Angel Round Financing, the post-money valuation figure equals the total consideration paid by the Pre-IPO Investors divided by the shareholding percentage acquired by them immediately following the investment. The increase in valuation from Angel Round Financing to Series A Financing was mainly due to the advancement in the research and development of our drug candidates and the progress of the Reorganization. The increase in valuation from Series A Financing to Series B Financing was mainly due to the advancement in the research and development of CM310 for which we obtained the IND approval from the NMPA in July 2019 and initiated the Phase I trial in September 2019. The increase in valuation from Series B Financing to Series C Financing (on a fully diluted basis and inclusive of the Shares issued to the ESOP Trust after Series C Financing) was mainly due to the advancement in the research and development of various of our drug candidates, including the initiation of Phase Ib/IIa clinical trials and Phase IIb clinical trials of CM310 and obtaining IND approval for MIL95/CM312, CMG901 and CM313.

4. Calculated on the basis of the Offer Price of HK$51.9, being the mid-point of the offer price range, the valuation of the Company upon Listing will be approximately HK$14,065 million (the "Proposed IPO Valuation"). The increase of valuation from Series C Financing to the Proposed IPO Valuation is due to the advancement in our drug candidates, especially that of CM326 (which has obtained the IND approval for Phase I, II and III trails in asthma in March 2021 and has enrolled its first subject in April 2021) and CMG901 (which has obtained IND approval for Phase I clinical trial in gastric and GEJ cancers from the FDA in March 2021).

5. At the closing of each round of investment, certain PRC incorporated investors entered into convertible loan agreements with Chengdu Keymed pursuant to their respective share purchase agreements. Pursuant to these convertible loan agreements, the PRC incorporated investors provided Chengdu Keymed with a RMB loan in the amount of their committed investment (as converted from USD) at nil interest pending approval for their outbound investment in our Company. Such loan has been repaid by Chengdu Keymed upon the PRC incorporated investors' payment of their respective committed investment amount to our Company in accordance with the relevant share purchase agreements and has all been fully repaid upon full settlement of the respective rounds of Pre-IPO Investment.

Rights of the Pre-IPO Investors

All Preferred Shares shall be converted into Shares of our Company immediately before the completion of the Global Offering on a ratio of 1:1. All the shareholders (including the Pre-IPO Investors) of our Company are bound by the second amended and restated shareholders agreement dated March 3, 2021 (as amended from time to time) (the "**SHA**") and the third amended and restated articles of association of our Company adopted on March 26, 2021 which superseded all previous agreements among the contracting parties in respect of the shareholders' rights in our Company.

The principal special rights granted to the Pre-IPO Investors include the customary protective provisions and information rights, etc. Except for the redemption rights granted to the Pre-IPO Investors by our Company which have been waived as described below, all other special rights shall cease to be effective and be discontinued upon Listing.

Each Pre-IPO Investor holding Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares is given a right to, upon the occurrence of specified redemption events, request that our Company redeem all or a portion of the Shares it then holds in accordance with the terms of the SHA and the Company's articles of association at a specified redemption price.

Each of the relevant Pre-IPO Investors has executed a waiver undertaking by April 7, 2021 to terminate the aforementioned redemption right with effect from the date of the waiver undertaking. The redemption right are only exercisable if the Listing does not take place and shall be automatically restored upon the earlier of, among others, (i) withdrawal of the listing application by our Company; (ii) rejection of the listing application by the Stock Exchange; or (iii) failure on the part of our Company to complete its initial public offering before a specified deadline.

Information about the Pre-IPO Investors

Information of our major Pre-IPO Investors are as set out below:

1. **Hillhouse:** HH KNY Holdings Limited is an exempted company incorporated under the laws of the Cayman Islands and Hillhouse Capital Management, Ltd. ("**Hillhouse Capital**") acts as the sole management company of its parent company. Founded in 2005, Hillhouse Capital is a global firm of investment professionals and operating executives who are focused on building and investing in high quality business franchises that achieve sustainable growth. Independent proprietary research and industry expertise, in conjunction with world-class operating and management capabilities, are key to Hillhouse Capital's investment approach. Hillhouse Capital partners with exceptional entrepreneurs and management teams to create value, often with a focus on enacting innovation and technological transformation. Hillhouse Capital is a sophisticated investor and has made meaningful investment in the Company more than six months before the Listing

Date for the purpose of paragraph 3.2(g) of Guidance Letter HKEX-GL92-18 issued by the Stock Exchange. Hillhouse Capital invests in the healthcare, consumer, TMT, advanced manufacturing, financials and business services sectors in companies across all equity stages. Hillhouse Capital and its group members manage assets on behalf of global institutional clients.

2. **Hankang Capital:** Suzhou Hankang is a limited partnership established in the PRC and is managed by Shanghai Hankang Investment Management Limited Company. Hankang Biotech Fund I, L.P. is a limited partnership established in the Cayman Islands and is managed by Hankang Healthcare LLC. Hankang Capital Management Limited is a limited company incorporated in the Cayman Islands. Each of Suzhou Hankang, Hankang Biotech Fund I, L.P. and Hankang Capital Management Limited is operated under Hankang Capital. Hankang Capital is a venture capital firm focusing on biotech opportunities in China. Hankang Capital focuses on the in-depth research in major diseases and unmet medical needs, conducting forward-looking research, and investing in start-ups with first-tier teams and technology platforms in advance to help them become leading companies through value-added services.

3. **Boyu Capital:** Spring Aquila Limited ("**Spring Aquila**") is an exempted company with limited liability incorporated under the laws of the Cayman Islands as an investment holding company. As of the Latest Practicable Date, Spring Aquila was 100% owned by Boyu Capital Fund IV, L.P., the general partner of which is Boyu Capital General Partner IV, Ltd. Boyu Capital Group Management Ltd. ("**Boyu Capital**") acts as the management company of Boyu Capital Fund IV, L.P.. Boyu Capital provides investment management and advisory services to various China-focused investment funds which aim at providing growth and transformational capital for fast-growing businesses in Greater China.

4. **Legend Star:** Legendstar Fund I, L.P. is a limited partnership established under the laws of the Cayman Islands, it is a close-end fund with only one limited partner which in turn is a wholly-owned subsidiary of Legend Holdings Corporation (聯想控股股份有限公司). Vantage Estate Limited is a limited company incorporated under the laws of the BVI and is a wholly-owned subsidiary of Legend Holdings. Both Legendstar Fund I, L.P. and Vantage Estate Limited are operated under Legend Star. Founded in 2008, Legend Star is currently managing 7 early-stage funds with a total commitment of up to RMB3.5 billion. By the end of 2020, it has made about 300 investments in cutting-edge technology, TMT and healthcare and pharmaceutical sectors. As the early investment and incubation arm of Legend Holdings Corporation, Legend Star has been dedicated to early-stage investment leveraging the three-decade resources and entrepreneurial experience of Legend Holdings Corporation and its member companies.

5. **3H Health Investment:** Both Jumbogood Corporation ("**Jumbogood**") and Charming Union Limited ("**Charming Union**") are limited liability companies incorporated in the BVI. Biofortune Investment, L.P. ("**Biofortune**") is a limited partnership established in the BVI. Jumbogood is wholly-owned by 3H Health Investment Fund I, L.P., which is managed by 3H Health Investment GP I Ltd; Charming Union is wholly-owned by 3H Health Investment Fund II, L.P., which is managed by 3H Health Investment GP II Ltd. 3H Health Investment GP II Ltd also acts as the general partner for Biofortune.

   Nanjing Sanzheng Shunxin is a limited partnership duly established under the regime of PRC law, with Nanjing Jianye Sanzheng Houde Management Co., Ltd. acts as its managing partner.

   Jumbogood, Charming Union, Biofortune and Nanjing Sanzheng Shunxin are operated under 3H Health Investment, a sophisticated life science investment firm specializing in equity investments in the life sciences and healthcare sectors and technologies.

6. **LAV:** LAV Biosciences Fund V, L.P. is an exempted limited partnership fund established in the Cayman Islands, which is ultimately controlled by Dr. Yi Shi (施毅). Suzhou Likang is a limited partnership established in the PRC. Orchids Limited is a limited liability company established under the laws of BVI. Suzhou Likang and Orchids Limited are both ultimately controlled by Mr. Fei Chen (陳飛). The entities above are investment arms of Lilly Asia Ventures ("**LAV**"), a leading Asia-based life science investment firm with portfolios covering all major sectors of the biomedical and healthcare industry including biopharmaceuticals, medical devices, diagnostics and healthcare services.

7. **FC Capital:** Alphabio Investments Co. Ltd is a limited company incorporated in the BVI and it is wholly-owned by FC Capital Fund I. L.P., whose general partner is FC Capital Fund I, GP Ltd. FC Capital Fund I, GP Ltd, Ningbo Fengchuan Hongbo and FC Capital Partners Management Limited are under common control of Mr. Xiang Duan.

8. **Vast Equity:** Vast Equity is a limited company incorporated in the BVI and is wholly owned by Mr. Choy Yee Shui, an individual investor.

9. **Lake Bleu:** Lake Bleu is managed by Lake Bleu Capital (Hong Kong) Limited. LBC Sunshine is an exempted limited partnership registered in the Cayman Islands. It specializes in investing in late-stage healthcare companies in Asia/Greater China and thus a sophisticated investor. The investment scope includes pharmaceuticals, biotech, medical devices, and healthcare services. LBC GP II Limited, an exempted company incorporated in the Cayman Islands, acts as the general partner of LBC Sunshine. Lake Bleu Capital (Hong Kong) Limited had over US$2 billion of assets under management as of March 31, 2021 and invested in biotech and healthcare sectors include, among others, JD Health (stock code: 6618 (SEHK)), New Horizon

Health (stock code: 6606 (SEHK)), MicroPort Cardioflow (stock code: 2160 (SEHK)), RemeGen (stock code: 9995 (SEHK)), Hygeia Healthcare (stock code: 6078 (SEHK)), Kangji Medical (stock code: 9997 (SEHK)), Hansoh Pharmaceutical (stock code: 3692 (SEHK)), Jinxin Fertility (stock code: 1951 (SEHK)), Akeso Biopharma (stock code: 9926 (SEHK)) and Pharmaron (stock code: 3759 (SEHK), 300759 (SZSE)).

10. **SDIC Gaoxin (Shenzhen) VC Fund:** SDIC Gaoxin (Shenzhen) VC Fund is an investment institution incorporated in the PRC in March 2016 and has a registered capital of RMB1 billion. SDIC Venture Capital Management Co., Ltd. (國投創業投資管理有限公司), a leading professional venture fund management institution founded by the State Development & Investment Corp. (國家開發投資集團有限公司), is the general partner of SDIC Gaoxin (Shenzhen) VC Fund.

11. **Chengdu Bio-town No.1 Fund:** Chengdu Bio-town No.1 Fund is a limited partnership incorporated in the PRC in March 2019 and has a registered capital of RMB300 million. Chengdu Bio-town No.1 Fund is controlled by Chengdu Tianfu International Bio-town Investment & Development Co., Ltd. (成都天府國際生物城投資開發有限公司), a state-owned enterprise which is primarily responsible for the management and operation of Chengdu Tianfu International Bio-town.

12. **CDHTI Venture Capital:** CDHTI Venture Capital is a state-owned investment institution incorporated in the PRC in May 2004 and has a registered capital of RMB200 million. CDHTI Venture Capital focuses on investing in start-ups in the information technology, biotechnology and other new economy industries. CDHTI Venture Capital is under the control of Chengdu High-Tech Investment Development Co., Ltd. (成都高新科技投資發展有限公司).

13. **CRF:** CRF Investment Holdings Company Limited ("**CRF**") is a limited company incorporated under the laws of the Cayman Islands. CRF is wholly-owned by China Reform Conson Soochow Overseas Fund I L.P., which is a China-related overseas investment firm specializing in industrials, TMT and healthcare sectors. China Reform Conson Soochow Overseas Fund I L.P. is solely advised by CDG Capital Company Limited ("**CDG Capital**", 晨嶺資本),and mainly sponsored by Conson (BVI) International Investment Development Limited, China Reform Overseas Feeder L.P. and Soochow Securities (Hong Kong) Financial Holdings Limited. China Reform Puissance Overseas GP L.P. is an exempted limited partnership registered in the Cayman Islands, acted as the general partner of China Reform Conson Soochow Overseas Fund I L.P.

    Established in 2016, CDG Capital focuses on innovative value-investing and constant value-creation for portfolio companies and pursues investments spanning all phases of private equity investment, targeting healthcare, high-end manufacturing, and TMT sectors.

14. **CPE:** CPE Greater China Enterprises Growth Fund ("**CPE Fund**") is an exempted company incorporated with limited liability under the laws of the Cayman Islands for an unlimited duration. The CPE Fund is managed by China Pinnacle Equity Management Limited ("**CPE**") incorporated with limited liability in Hong Kong in August 2017, it is licensed to conduct Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under Part V of the SFO with CE number BKY108. It is principally engaged in fund management and the provision of investment advisory services to professional investors as defined under the SFO, including corporations, institutions and high net worth individual investors.

15. **Tekful Limited:** Tekful Limited is a company incorporated in the BVI in November 2004 and it is primarily engaged in investment businesses.

16. **Easy Path Ventures Limited:** Easy Path Ventures Limited is a limited liability company established under the laws of BVI as an investment holding company and is owned by Ms. LI Ping.

17. **Mirae:** Mirae Asset Growth 3 Investment Company Limited is an indirect subsidiary of Mirae Asset Global Investments (Hong Kong) Limited, which is part of Mirae Asset Financial Group. Founded in 1997, Mirae Asset Financial Group is one of the largest financial groups in Asia, providing comprehensive services to clients worldwide – including asset management, wealth management, investment banking, and life insurance. Mirae Asset Financial Group has a presence in 15 markets and the group's managed assets worldwide is approximately US$554 billion (as of December, 2020). Mirae Asset Financial Group offers its clients a comprehensive suite of investment solutions.

18. **Polar Grace Limited:** Polar Grace Limited is a company incorporated under the laws of BVI in January 2021, it is ultimately controlled by Mr. Cheng Chi Kong.

19. **H&D (SINGAPORE) INVESTMENT HOLDING PTE. LTD.:** H&D (SINGAPORE) INVESTMENT HOLDING PTE. LTD. is a private limited company incorporated in Singapore engaging in investment businesses.

20. **Yi Fang Da Pluto Inv. Limited:** Yi Fang Da Pluto Inv. Limited is an investment company incorporated in the British Virgin Islands. It is the investment vehicle wholly owned by E Fund Management (Hong Kong) Co., Limited ("**E Fund HK**"). E Fund HK was incorporated in Hong Kong in August 2008. E Fund HK is licensed for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities by the SFC. E Fund HK is wholly owned by E Fund Management Co., Ltd. ("**E Fund**") and serves as the global investment and business platform. Established in 2001, E Fund is the largest fund manager in China. As E Fund's only window company overseas, E Fund HK strategically connects China and the overseas market. E Fund HK capitalizes the investment and research capabilities of E Fund and its competitive advantage in the overseas market to provide comprehensive quality service to its clients.

Save as disclosed above, each of the Pre-IPO Investors is an Independent Third Party.

Compliance with Interim Guidance and Guidance Letters

The Joint Sponsors confirm that the investments by the Pre-IPO Investors are in compliance with the Guidance Letter HKEX-GL29-12 issued in January 2012 and updated in March 2017 by the Stock Exchange and the Guidance Letter HKEX-GL43-12 issued in October 2012 and updated in July 2013 and in March 2017 by the Stock Exchange.

CAPITALIZATION

The below table is a summary of the capitalization of our Company.

Shareholders	Ordinary Shares	Series Pre-A Preferred Shares	Series A Preferred Shares	Series B Preferred Shares	Series C Preferred Shares	Number of Ordinary Shares held upon Listing[(1)]	Ownership % as of the date of this prospectus[(2)]	Ownership % as of the Listing Date
Moonshot	67,098,209	10,714,273	–	–	–	77,812,482	36.58%	28.71%
Eagle Hero Management Limited	17,976,153	–	–	–	–	17,976,153	8.45%	6.63%
HH KNY Holdings Limited	–	–	13,000,000	9,372,657	3,542,235	25,914,892	12.18%	9.56%
Suzhou Hankang	–	–	12,000,000	–	–	12,000,000	5.64%	4.43%
Hankang Capital Management Limited	–	–	1,000,000	312,422	136,240	1,448,662	0.68%	0.53%
Hankang Biotech Fund I, L.P.	–	–	–	3,124,219	–	3,124,219	1.47%	1.15%
Spring Aquila Limited	–	–	–	–	13,623,979	13,623,979	6.40%	5.03%
Legendstar Fund I, L.P.	–	7,589,262	2,000,000	1,265,309	136,240	10,990,811	5.17%	4.06%
Vantage Estate Limited	–	–	–	1,265,309	–	1,265,309	0.59%	0.47%
Jumbogood Corporation	–	–	–	4,248,948	953,679	5,202,627	2.45%	1.92%
Charming Union Limited	–	–	–	–	3,814,714	3,814,714	1.79%	1.41%
Nanjing Sanzheng Shunxin	–	–	–	2,186,953	–	2,186,953	1.03%	0.81%
Biofortune Investment, L.P.	–	–	–	–	681,199	681,199	0.32%	0.25%
LAV Biosciences Fund V, L.P.	–	–	–	4,686,328	1,021,799	5,708,127	2.68%	2.11%
Suzhou Likang	–	–	–	4,686,328	–	4,686,328	2.20%	1.73%
Orchids Limited	–	–	–	–	1,021,799	1,021,799	0.48%	0.38%
Alphabio Investment Co. Ltd	–	–	2,000,000	1,562,109	–	3,562,109	1.67%	1.31%
Ningbo Fengchuan Hongbo	–	–	–	1,562,109	–	1,562,109	0.73%	0.58%
FC Capital Partners Management Limited	–	–	–	–	136,240	136,240	0.06%	0.05%
Vast Equity	–	5,003,039	–	–	–	5,003,039	2.35%	1.85%

Shareholders	Ordinary Shares	Series Pre-A Preferred Shares	Series A Preferred Shares	Series B Preferred Shares	Series C Preferred Shares	Number of Ordinary Shares held upon Listing[(1)]	Ownership % as of the date of this prospectus[(2)]	Ownership % as of the Listing Date
LBC Sunshine Healthcare Fund II L.P.	–	–	–	–	4,087,194	4,087,194	1.92%	1.51%
SDIC Gaoxin (Shenzhen) VC Fund	–	–	–	2,655,586	–	2,655,586	1.25%	0.98%
Chengdu Bio-town No. 1 Fund	–	–	–	–	2,043,597	2,043,597	0.96%	0.75%
CDHTI Venture Capital	–	–	2,000,000	–	–	2,000,000	0.94%	0.74%
CRF Investment Holdings Company Limited	–	–	–	–	1,362,398	1,362,398	0.64%	0.50%
CPE Greater China Enterprises Growth Fund	–	–	–	–	544,960	544,960	0.26%	0.20%
Tekful Limited	–	–	–	–	544,960	544,960	0.26%	0.20%
Mirae Asset Growth 3 Investment Company	–	–	–	–	408,720	408,720	0.19%	0.15%
Polar Grace Limited	–	–	–	–	408,720	408,720	0.19%	0.15%
Easy Path Ventures	–	–	–	–	408,720	408,720	0.19%	0.15%
H&D Investment	–	–	–	–	272,480	272,480	0.13%	0.10%
Yi Fang Da Pluto Inv. Ltd	–	–	–	–	272,480	272,480	0.13%	0.10%
Hillhouse Capital Advisors (as defined below)	2,243,500	–	–	–	–	2,243,500	–	0.83%
Other public Shareholders	56,021,000	–	–	–	–	56,021,000	–	20.67%
TOTAL	**143,338,862**	**23,306,574**	**32,000,000**	**36,928,277**	**35,422,353**	**270,996,066**	**100.00%**	**100.00%**

Notes:

1. After 1:1 conversion of the Preferred Shares into Ordinary Shares of our Company, without taking into account the Shares to be allotted and issued under the Global Offering and the Over-allotment Option.

2. Based on the assumption that each Preferred Share will be converted into one Ordinary Share upon the Global Offering becoming unconditional and all Preferred Shares will automatically be converted into the same number of Ordinary Shares upon Listing.

3. Taking into account the Shares that Hillhouse Capital Advisors may be alloted as a cornerstone investor (assuming an Offer Price of HK$51.90, being the mid-point of the indicative Offer Price range)

PUBLIC FLOAT

Upon completion of the Global Offering (assuming that no Shares will be allotted and issued under the Over-allotment Option), the Shares held by our core connected persons will not count towards the public float.

Moonshot, Dr. Chen, Ms. Toscano, Dr. Xu and Dr. Jia will become our Controlling Shareholders upon Listing. Furthermore, Dr. Chen is the adviser of the ESOP Trust and is entitled to exercise the voting rights attached to the Shares held by Eagle Hero. As such, approximately 35.35% of the total issued Shares held or controlled by them (including the Shares held by Moonshot and Eagle Hero) will not count towards public float.

Hillhouse Capital Advisors, Ltd ("**Hillhouse Capital Advisors**"), being the investment manager of Gaoling Fund, L.P. and general partner of YHG Investment, L.P. together with their close associate HH KNY Holdings Limited will become our substantial shareholders upon Listing. As such, the approximately 0.83% (assuming subscription at an Offer Price of HK$51.90, being the mid-point of the indicative Offer Price range as a cornerstone investor) and 9.56% Shares held by Hillhouse Capital Advisors and HH KNY Holdings Limited will not count towards the public float.

Save as disclosed above, to the best of our Directors' knowledge, all other Shareholders of our Company are not core connected persons of our Company. As a result, our other existing Shareholders will aggregately hold a total of approximately 33.59% of the Shares (upon completion of the Global Offering without taking into account the Shares which may be allotted and issued under the Over-allotment Option) with a market capitalization of approximately HK$4,724.33 million (based on the Offer Price of HK$51.9, being the mid-point of the offer price range), which will count towards the public float. Assuming the Offer Shares are allotted and issued to public shareholders, over 25% of our Company's total issued Shares and our issued Shares with a market capitalization of at least HK$375 million will be held by the public upon completion of the Global Offering in accordance with 8.08(1)(a) and 18A.07, respectively, of the Listing Rules.

PRC LEGAL COMPLIANCE

M&A Rules

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "M&A Rules"), which were jointly promulgated by the Ministry of Commerce (the "MOFCOM") and five other national agencies on August 8, 2006, came into effect on September 8, 2006 and subsequently amended on June 22, 2009, require that foreign investors acquiring domestic companies by means of asset acquisition or equity acquisition shall comply with relevant foreign investment industry policies and shall be subject to approval by the relevant commerce authorities. Article 11 of the M&A Rules stipulates that an offshore company established or controlled by a PRC domestic company, enterprise or natural person shall obtain approval from the MOFCOM prior to the offshore company's acquisition of any domestic enterprise related to such PRC domestic company, enterprise or natural person. The M&A Rules, amongst others, also require that an offshore special purpose vehicle, or a SPV, formed for overseas listing purposes and through

purchasing shares or equity interest in PRC domestic companies in exchange for the shares of offshore companies, 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 SPV's securities on an overseas stock exchange.

The Manual of Guidance on Administration for Foreign Investment Access (2008 Edition) (《外商投資准入管理指引手冊(2008年版)) (the "Manual"), which was promulgated by the MOFCOM and came into effect on December 18, 2008, stipulates that the transfer of equity of a Chinese party in an established foreign-invested enterprise to a foreign party shall not refer to the M&A Rules. No matter whether there is any connected relationship between the Chinese party and foreign party, and no matter whether the foreign party is the original shareholders or new investors. The target company of the merger and acquisition referred to in the M&A Rules shall include domestic capital enterprise only.

As advised by our PRC Legal Adviser, the proposed Listing is not subject to any approval from the MOFCOM under the M&A Rules and our listing on the Stock Exchange is not subject to any approval from the CSRC under the M&A Rules.

Circular 37

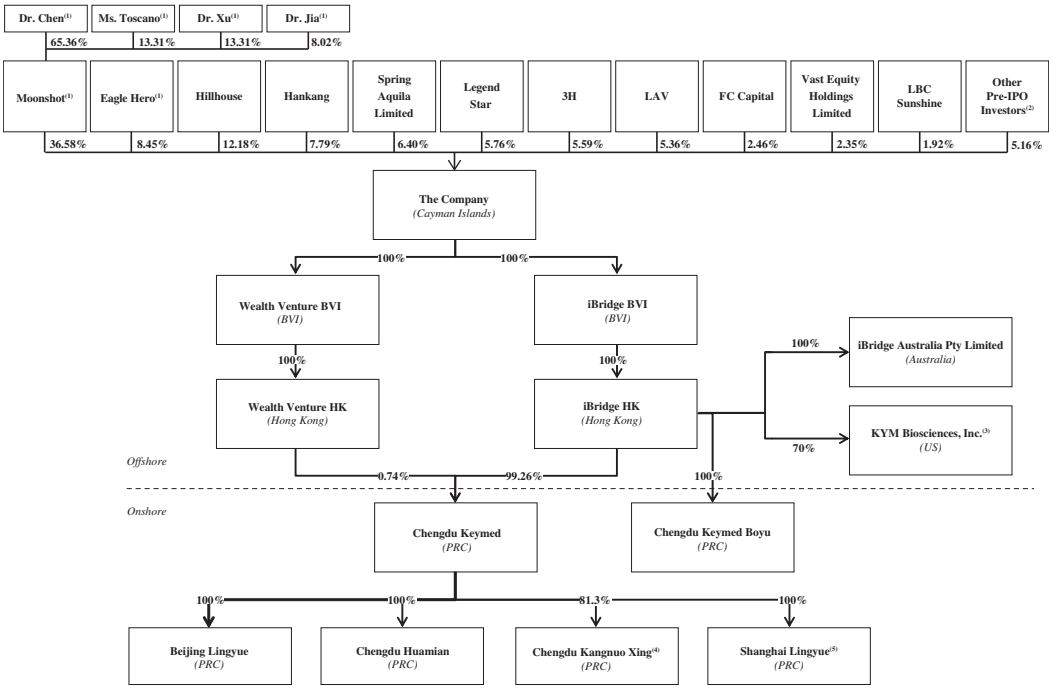
SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外 匯管理有關問題的通知》) (the "SAFE Circular 37") on July 14, 2014, which replaced the former circular commonly known as "SAFE Circular 75" promulgated by SAFE on October 21, 2005. SAFE Circular 37 requires PRC residents to register with local branches of 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. Such offshore entity is referred to in SAFE Circular 37 as a "special purpose vehicle". SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or swap, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle maybe restricted in its ability to contribute additional capital into its PRC subsidiary. Furthermore, failure to comply with the SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

As advised by our PRC Legal Adviser, Dr. Xu has completed the registration for his shareholding in our Company under SAFE Circular 37 on January 11, 2019, and Dr. Jia has completed the registration for her shareholding in our Company under SAFE Circular 37 on March 29, 2021.

Our PRC Legal Adviser have confirmed that all relevant registrations, approvals and permits required under PRC laws and regulations in relation to the establishment, increases of registered capital, equity transfers in respect of the PRC subsidiaries of our Group as described above have been completed and obtained.

OUR STRUCTURE IMMEDIATELY PRIOR TO THE GLOBAL OFFERING

The following diagram illustrates the corporate and shareholding structure of our Group immediately prior to the completion of the Global Offering:



Notes:

1. As of the Latest Practicable Date, Moonshot held 67,098,209 Ordinary Shares and 10,714,273 Series Pre-A Preferred Shares of our Company and as the adviser of the ESOP Trust, Dr. Chen is entitled to exercise the voting rights attached to the Shares held by Eagle Hero which holds the Share for the ESOP Trust. Ms. Toscano, Dr. Xu and Dr. Jia is in the process of establishing family trust arrangements with regards to their interest in Moonshot. Upon completion of the trust arrangement, their respective interest in Moonshot will be held indirectly through their respective family trust.

2. Other Pre-IPO Investors includes SDIC Gaoxin (Shenzhen) VC Fund, Chengdu Bio-town No. 1 Fund, CDHTI Venture Capital, CRF Investment Holdings Company Limited, CPE Greater China Enterprises Growth Fund, Tekful Limited, Mirae Asset Growth 3 Investment Company, Polar Grace Limited, Easy Path Ventures, H&D Investment and Yi Fang Da Pluto Inv. Ltd, each being an Independent Third Party and holding 2,655,586 Series B Preferred Shares, 2,043,597 Series C Preferred Shares, 2,000,000 Series A Preferred Shares, 1,362,398 Series C Preferred Shares, 544,960 Series C Preferred Shares, 544,960 Series C Preferred Shares, 408,720 Series C Preferred Shares, 408,720 Series C Preferred Shares, 408,720 Series C Preferred Shares, 272,480 Series C Preferred Shares and 272,480 Series C Preferred Shares of the issued share capital of our Company as of the Latest Practicable Date, respectively.

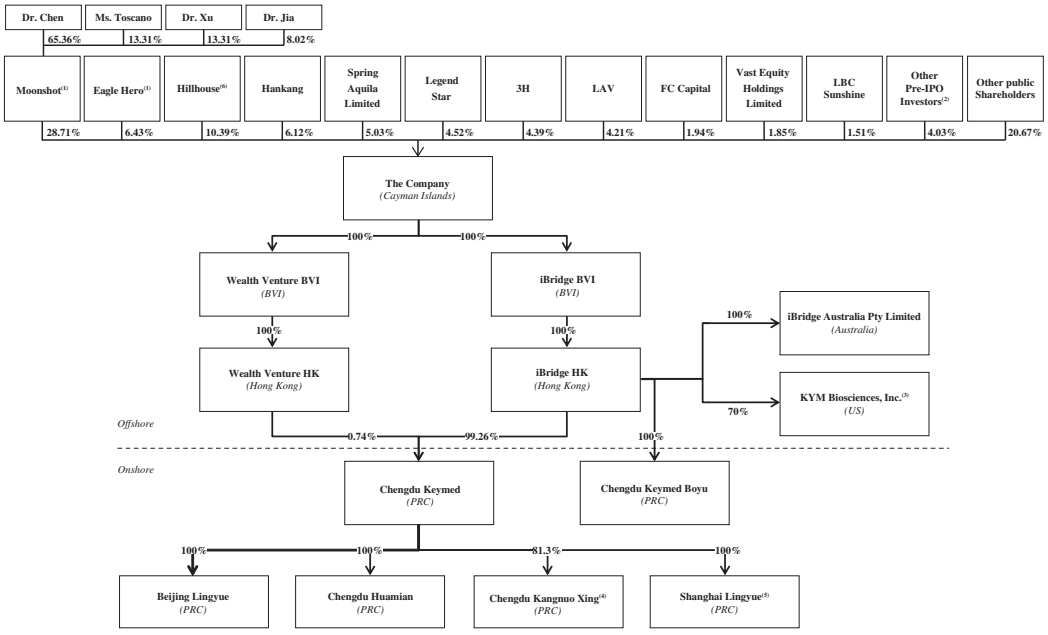
3. Innocube Limited, a company controlled by Lepu Biopharma, is interested in the remaining 30% of the shareholding interest of KYM Biosciences, Inc.

4. Chengdu High-tech and Chengdu Bio-town Equity are interested in remaining 16.26% and 2.44% of Chengdu Kingnuo Xing's registered capital, respectively.

5. Shanghai Lingyue was established in the PRC on December 3, 2018. Upon incorporation, it was held by Ms. ZOU Yi, Ms. GUO Xiumei and Ms. YAO Yang, the employees and their relatives of our Group and as nominee shareholders of Chengdu Keymed. Chengdu Keymed bears the obligation to pay for the registered capital of Shanghai Lingyue. Shanghai Lingyue has applied for six patent registrations that forms the basis of several of drug candidates and prospective drug candidates of the Group, including CM326, CM901 and CM313. The Company desired to preserve the confidentiality of the drug candidates at their preliminary stages of development and therefore the Company adopted the nominee shareholding arrangement for business and commercial reasons. On December 28, 2020, in contemplation of the Listing, the nominee shareholding arrangement was terminated and Ms. ZOU Yi, Ms. GUO Xiumei and Ms. YAO Yang transferred the registered capital she held in Shanghai Lingyue back to Chengdu Keymed at a consideration of RMB25,000, RMB12,500 and RMB12,500, respectively, as their remuneration as nominee shareholders. Save for the nominee shareholders' capacity as employees (or relative of employees) of the Group, they have no other past or present business, financial or other relationships with the Group. Our PRC Legal Adviser has confirmed that the nominee shareholding arrangement did not contravene applicable laws and regulations.

OUR STRUCTURE IMMEDIATELY FOLLOWING THE GLOBAL OFFERING

The following diagram illustrates the corporate and shareholding structure of our Group immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised):



Note: Please refer to the notes to "Our Structure Immediately Prior to the Global Offering" in this section.

6. Taking into account the Shares that Hillhouse Capital Advisors may be alloted as a cornerstone investor (assuming an Offer Price of HK$51.90, being the mid-point of the indicative Offer Price range).

OVERVIEW

We are a biotechnology company with multiple clinical-stage assets, each among the first three domestically-developed for its target or in its class to have obtained investigational new drug (IND) approval in China and/or the U.S. We primarily focus on the in-house discovery and development of innovative biological therapies while collaborating with other pharmaceutical and biotechnology companies to address some large underserved medical needs in the autoimmune and oncology therapeutic areas, such as in atopic dermatitis, asthma, chronic rhinosinusitis and gastric cancer.

Based on a solid foundation in biomedical research, we have built in-house drug discovery and development technologies that are complemented by our collaboration with other pharmaceutical and biotechnology companies. These comprise an innovative antibody discovery platform and a proprietary novel T cell engager (nTCE) bispecific antibody platform. Within less than five years of our founding, we have been able to continuously discover and develop new drug candidates in these underserved and challenging disease areas. There are now nine IND-enabling and clinical stage drug candidates, including five in clinical stage, in our internally-developed pipeline.

Our proprietary product pipeline reflects our market insight and employs the most recent scientific findings. Driven by economic growth and the healthcare system reform, medical expenditures have been rising significantly in the first two decades of the new millennium. China is undergoing an epidemiological transition from the prevalence of infectious diseases to that of cancer and other chronic diseases, as a result of rapid urbanization, life style shifts, and environmental changes. These fundamental and ongoing trends present new challenges for public health, and have revealed emerging underserved disease areas that impose a significant social burden to be addressed.

To support our research and discovery, we have established a fully-integrated platform encompassing all of the key functions in the biologic drug development. These include target validation, lead generation and optimization, preclinical evaluation, process development, translational research, clinical development and manufacture. This integrated platform has enabled us to rapidly and cost-effectively identify, build, expand and advance our diversified pipeline of innovative and differentiated antibody-based therapies, including monoclonal antibodies, antibody drug conjugates (ADCs) and bispecific antibodies.

The following chart illustrates our pipeline and summarizes the development status of our clinical-stage drug candidates and selected IND-enabling stage candidates as of the Latest Practicable Date:

Abbreviations: 1H = first half; 2H = second half; AD = atopic dermatitis; ADC = antibody drug conjugate; CRS = chronic rhinosinusitis; CRSwNP = chronic rhinosinusitis with nasal polyposis; COPD = chronic obstructive pulmonary disease; GEJ = gastroesophageal junction; mAb = monoclonal antibody; MM = multiple myeloma; Ph = Phase; RRMM = relapsed or refractory multiple myeloma

Notes:

1. In March 2021, we granted CSPC an exclusive license to develop and commercialize CM310 for the treatment of moderate and severe asthma, COPD and other respiratory diseases (the "Field") in China (excluding Hong Kong, Macau, or Taiwan) (the "Territory"). For the avoidance of doubt, we retain the exclusive rights to (i) develop and commercialize CM310 for the treatment of indications outside the Field, such as AD and CRS, in the Territory, (ii) develop and commercialize CM310 outside the Territory, and (iii) manufacture CM310 anywhere in the world, including China. CSPC will purchase CM310 from us for the development and commercialization of CM310 in the Field and the Territory. CSPC will be the market authorization holder of CM310 in the Field, including asthma, in the Territory, once approved. For further details, please refer to the paragraphs headed "– Collaboration Agreements – Collaboration with CSPC" in this prospectus.

2. If we obtain the IND approvals of CM326 for CRSwNP and COPD, we expect CM326 to directly enter into Phase II trial for these two indications as we may be allowed to skip additional Phase I trials in healthy volunteers for these new indications by leveraging the Phase I safety results of CM326.

3. We started to co-develop CMG901 with Shanghai Miracogen since October 2017 and we established a joint venture with Innocube to develop and commercialize CMG901, in which we and Innocube own 70% and 30% shares, respectively. Shanghai Miracogen and Innocube are under the common control of Lepu Biopharma. For further details, please refer to the paragraphs headed "– Collaboration Agreements – Collaboration with Lepu Biopharma" in this prospectus.

4. In January 2018, we entered into a technology collaboration agreement with Mabworks to co-develop MIL95/CM312. Mabworks and we will share the development costs and the revenue at the ratio of 51:49 in China. For further details, please refer to the paragraphs headed "– Collaboration Agreements – Collaboration with Mabworks" in this prospectus.

5. We established a 50:50 joint venture with InnoCare in August 2018 for the discovery, development and commercialization of biologics. In June 2020, we entered into a license and collaboration agreement with InnoCare, under which we granted to InnoCare an exclusive license for 50% ownership of CM355 to jointly develop, manufacture and commercialize CM355 globally, and we agreed to transfer all the rights to CM355 to the joint venture with InnoCare after the receipt of the IND approval for CM355. For further details, please refer to "– Collaboration Agreements – Collaboration with InnoCare."

6. The "first posted date" denotes the date when the most recent clinical trial for an indication is publicly announced.

7. The antibody component of CMG901 (i.e. CM311) is not separately evaluated in clinical trials.

8. When more safety and efficacy data of CMG901 from China trials become available, we will further evaluate the clinical trial plan in the U.S. subject to communication with the FDA.

Our Core Product and key drug candidates within our pipeline include:

- **CM310**, our Core Product, is a humanized and highly potent antagonist antibody against interleukin-4 receptor α-subunit (IL-4Rα) in multiple clinical trials. It is the first domestically-developed IL-4Rα antibody that received IND approval from the NMPA. By targeting IL-4Rα, CM310 can lead to dual-blockade of interleukin-4 (IL-4) and interleukin-13 (IL-13) signaling. IL-4 and IL-13 are two critical cytokines for initiating type II inflammation. CM310 can potentially be effective for treating various type II allergic diseases in adults, adolescents and children, such as moderate-to-severe atopic dermatitis (AD), moderate-to-severe eosinophilic asthma, chronic rhinosinusitis with nasal polyposis (CRSwNP) and potentially chronic obstructive pulmonary disease (COPD). It has demonstrated its favorable safety and encouraging efficacy in Phase Ia and Phase Ib/IIa clinical trials. We have initiated a Phase IIb clinical trial for moderate-to-severe AD and a Phase II clinical trial for CRSwNP, and expect to initiate the Phase III study and submit an NDA with the NMPA for moderate-to-severe AD in the first half of 2022 and in 2023, respectively. We have also obtained the IND approval for a Phase II clinical trial for moderate-to-severe asthma from the NMPA. Several clinical trials of CM310 for different patient subgroups, such as children and adolescents, have also been planned. We maintain the global rights to develop, manufacture and commercialize CM310, except for an exclusive license we granted to CSPC for developing and commercializing CM310 for the treatment of moderate-to-severe asthma, COPD and other respiratory diseases in China. For further details, please refer to the paragraph headed "Business – Collaboration Agreements – Collaboration with CSPC."

  Compared to standard treatment of corticosteroids and immunosuppressants, biologic drugs, such as IL-4Rα antibody, are expected to deliver much better efficacy with minimized safety risks. Sanofi/Regeneron's dupilumab (Dupixent) is the first and only marketed IL-4α antibody globally. Within three years of its commercial launch, dupilumab has reached annual global sales of US$4.0 billion in 2020. CM310 has demonstrated comparable or stronger *in vitro* activity than dupilumab against IL-4 and IL-13 signaling. In the Phase Ia and Ib/IIa trials, CM310 was safe and well tolerated, with all of the treatment related adverse events (TRAEs) being mild or moderate. Further, the treatment of CM310 at multiple doses resulted in significant improvements on AD symptoms in the Phase Ib/IIa trial. The promising results from our preclinical and early clinical evaluations suggest that CM310 has the potential to become a safe and effective treatment for a wide range of allergic disorders.

- **CM326** is a humanized and highly potent monoclonal antibody targeting thymic stromal lymphopoietin (TSLP). It is the first domestically-developed TSLP-targeting antibody in China, and the third in the world, to have received IND approval. TSLP plays a critical role as an upstream cytokine mediating multiple inflammatory pathways, which provides a strong scientific rationale for the development of TSLP antibody to treat COPD and various allergic diseases, including moderate-to-severe asthma and CRSwNP. CM326 may also have synergistic effects with CM310. We initiated a Phase Ia trial of CM326 in healthy volunteers in January 2021 and enrolled the first subject in April 2021.

Amgen/AstraZeneca's tezepelumab, the first BLA-filed TSLP antibody, can effectively reduce asthma exacerbation rate, irrespective of baseline eosinophil count or other T_h2 biomarkers. In May 2021, tezepelumab filed its BLA for severe asthma with the FDA. CM326 is five times more potent than tezepelumab analog in the inhibition of TSLP. In the meantime, it was safe and well-tolerated in toxicity studies. Following the Phase Ia trial, we plan to advance CM326 into a Phase Ib/IIa trial in moderate-to-severe asthma patients, and potentially clinical trials in patients with CRSwNP and COPD.

- **CMG901** is a Claudin 18.2-targeting ADC comprising of a Claudin 18.2-specific antibody, a cleavable linker and a toxic payload, MMAE. It is the first Claudin 18.2 ADC to have received IND approval in China and the U.S. Claudin 18.2 is selectively and widely expressed in gastric cancer, pancreatic cancer and other solid tumors, which makes it an ideal tumor target for therapeutic development. We are currently evaluating CMG901 in the dose-escalation Phase I trial in solid tumors in collaboration with Lepu Biopharma. We expect to initiate the dose-expansion stage of the trial in solid tumors by 2022 in China. For further details, please refer to the paragraph headed "– Collaboration Agreements – Collaboration with Lepu Biopharma."

  About 80-90% of gastric and pancreatic cancer patients are poorly responsive to PD-(L)1 antibody treatment. The five-year survival rates of gastric and pancreatic cancers are merely 35.1% and 7.2%, respectively, with the standard treatment in China. Given the high frequency of Claudin 18.2 expression in gastric cancer (60%) and pancreatic cancer (50%), Claudin 18.2-targeting therapies may address the aforementioned unmet needs.

  CMG901's unconjugated antibody binds to Claudin 18.2 with higher affinity *in vitro* than the analog of zolbetuximab, the leading clinical-stage Claudin 18.2 antibody developed by Astellas Pharma. Upon binding with Claudin 18.2-expressing tumor cells, CMG901 can effectively kill the cells through two mechanisms: (i) the release of highly cytotoxic agent (MMAE) after CMG901 is internalized by tumor cells, and (ii) the activation of immune system, including antibody-dependent cellular cytotoxicity (ADCC) and complement-dependent cytotoxicity (CDC). In animal models of gastric and pancreatic cancers, CMG901 led to dose-dependent tumor growth inhibition and even tumor regression. It exhibited much stronger antitumor activity in comparison with zolbetuximab analog and the unconjugated antibody of CMG901. Furthermore, it has demonstrated a good safety profile in preclinical studies. This indicates that, as compared to Claudin 18.2 antibody in combination with systemic chemotherapy, Claudin 18.2 ADC could potentially deliver improved efficacy while minimizing toxicity.

We are continuing to improve the drug development process and expand our product pipeline under the leadership of our visionary management team. With rich industry experience, diverse and multidisciplinary knowledge, they share a commitment to delivering innovative and affordable medicines.

Our drug discovery and development function is co-led by Dr. Bo Chen, our chairman of the Board and CEO, and Dr. Changyu Wang, our senior vice president. Dr. Chen is a highly-regarded scientist and a successful serial entrepreneur who was previously the key founder, chairman and CEO of Shanghai Junshi (HKEX:1877/SHA:688180), where he led the invention and development of the first domestically-developed PD-1 antibody to receive approval in China, toripalimab (Tuoyi). Dr. Wang is an acclaimed pioneer and leading expert in immuno-oncology. He co-invented the world's first-in-class PD-1 antibody, Bristol Myers Squibb's nivolumab (Opdivo).

To ensure timely and consistent production and supply of high-quality and affordable antibody drugs, we have always been committed to enhancing our in-house manufacturing capabilities. With our high-throughput screening platform, we have internally developed high-expressing cell lines to ensure high yield and low costs for our antibody manufacturing. Our first cGMP-compliant manufacturing facility with a total capacity of 1,600 L was built in Chengdu in 2019, which supplies our antibody drug candidates for various preclinical and clinical studies. We plan to expand our commercial manufacturing capacity to further improve the cost-effectiveness of our productions. The first phase of our new commercial-scale manufacturing facility is expected to commence operation by 2022 with an additional 16,000 L of manufacturing capacity.

OUR STRENGTHS

Integrated biotechnology company that has consistently developed antibody therapies, targeting some large underserved medical needs in the autoimmune and oncology therapeutic areas

Since our inception, we have had the foresight to build a solid foundation in biomedical research and efficient drug discovery technologies. Our industry-leading research and development engine has allowed us to consistently and cost-effectively translate science into medicine in a timely manner. Our pipeline now consists of nine IND-enabling and clinical stage drug candidates, including five in clinical stage, each being among the first three domestically-developed for its target or in its class to have obtained IND approval in China and/or the U.S.

We have developed proprietary technologies featuring an antibody discovery platform and a novel T cell engager (nTCE) bispecific antibody platform. Our scientific expertise and deep understanding in immunology and oncology, together with these technology platforms, have enabled us to continuously and efficiently discover and develop innovative drugs. In addition to conventional antibody drugs, we have also developed next-generation antibody-based therapies, including ADCs and bispecific antibodies.

- Our innovative antibody discovery platform enables discovery and optimization of drug candidates with high bioactivity and specificity against different molecular targets. Within five years since our founding, we have already discovered five

antibodies and advanced them to clinical development stage, including CM310 (IL-4Rα antibody), CM326 (TSLP antibody), CM313 (CD38 antibody), MIL95/CM312 (CD47 antibody), and the antibody component of our CMG901 (Claudin 18.2 ADC).

- Our proprietary nTCE bispecific antibody platform specializes in the design and engineering of bispecific antibodies. The nTCE platform has generated three IND-enabling stage bispecific antibody drug candidates with enhanced T-cell-mediated tumor killing and minimized cytokine release syndrome, including CM355 (CD20xCD3 bispecific), CM336 (BCMAxCD3 bispecific), and CM350 (GPC3xCD3 bispecific). They all induce strong T-cell-dependent cellular cytotoxicity (TDCC) against tumor cells with reduced risks of cytokine release syndrome and durable T-cell response in both *in vivo* and *in vitro* studies.

We have built a fully-integrated platform encompassing all of the key functions in the biologic drug discovery and development process in Chengdu and Shanghai. Our first manufacturing facility in Chengdu is equipped with bioreactors with a total capacity of 1,600 L. Additional 16,000 L of manufacturing capacity will debut by 2022. With our fully-integrated platform, we have been able to handle critical drug development processes in-house, and to continually improve the overall cost-effectiveness of our operations.

A differentiated autoimmune portfolio led by an IL-4Rα antibody drug targeting a wide spectrum of allergic patients

Approximately 3-5% of the world's population suffer from autoimmune diseases. Among these diseases, allergic disorders, such as atopic dermatitis (AD), asthma, chronic rhinosinusitis (CRS), and eosinophilic esophagitis (EoE), occur when the immune system overresponds to external irritants. These diseases impose a huge impact on the quality of life, resulting in profound emotional, psychological, economic and social burdens for both the patients and the society.

√ **AD**: According to Frost & Sullivan, there were 19.7 million and 194.7 million patients with moderate-to-severe AD respectively in China and worldwide in 2019, with a prevalence of up to 20% in children and adolescents.

√ **Asthma**: Approximately 261.2 million patients suffer from moderate-to-severe asthma worldwide in 2019, whose treatment expenditures account for 60% of total treatment expenditures of all asthma patients. In China, there were 22.3 million asthma patients with moderate-to-severe conditions in 2019.

√ **CRS**: CRS affected 117.7 million and 1,013.0 million patients in China and worldwide in 2019, respectively. CRSwNP accounts for approximately 15-25% of all CRS cases globally.

As a wide variety of allergic diseases share the common pathologic causes, our therapeutic approach is to identify and attenuate these signaling pathways that mediate allergic aberrations.

- **CM310** is a humanized, highly potent antagonist antibody against IL-4Rα, being developed for treating a wide range of type II allergic diseases (including moderate-to-severe AD, moderate-to-severe eosinophilic asthma, CRSwNP) and potentially COPD.

  Significant market potential: The first and only marketed IL-4Rα antibody, Sanofi/Regeneron's dupilumab (Dupixent), was approved by the FDA in 2017. Within three years of its commercial launch, dupilumab became a blockbuster drug and reached annual sales of US$4.0 billion globally in 2020. Given its proven efficacy and safety, dupilumab has been approved for the treatment of patients aged 6 years and older with moderate-to-severe AD, patients aged 12 years and older with moderate-to-severe asthma, and adults with CRSwNP in the U.S. and the EU. Currently, it is being evaluated in infants and children with AD, as well as in new indications, such as COPD, eosinophilic esophagitis, moderate-to-severe atopic hand and foot dermatitis, allergic bronchopulmonary aspergillosis, allergic fungal rhinosinusitis, bullous pemphigoid, allergic rhinitis, peanut allergy and atopic keratoconjunctivitis. As of the Latest Practicable Date, dupilumab was the only approved biologic targeting IL-4Rα in China.

  Favorable preclinical and clinical results: In our *in vitro* assays, CM310 demonstrated comparable or higher potency than dupilumab against the activity of IL-4 and IL-13. In our Phase Ia and Ib/IIa clinical trials, CM310 further exhibited good safety and favorable pharmacokinetic (PK) and pharmacodynamics (PD) properties in humans, and encouraging efficacy in patients with moderate-to-severe AD. These results suggest that CM310 could be a safe and effective treatment for a wide range of patients.

  - *PD*: The PD data indicated that CM310 resulted in significant reduction of serum thymus and activation-regulated chemokine (TARC) and immunoglobin E (IgE) levels, two key biomarkers associated with type II inflammation.

  - *Safety*: The trial results indicated that CM310 was safe and well tolerated in human subjects. The TRAEs associated with CM310 were generally mild to moderate in nature.

  - *Efficacy*: In the Phase Ib/IIa trial in moderate-to-severe AD, 77.8% patients receiving three doses of 300 mg CM310 following a loading dose of 600 mg (600-300 mg) achieved EASI-75 response, as compared to 10.0% in the placebo group. 33.3% patients in this CM310 treatment group achieved IGA score of 0 or 1 (clear/almost clear skin), as compared to 0% in the placebo group. According to the dupilumab's public data from a Phase III trial in China

presented at the 26th Annual Meeting of Chinese Society of Dermatology, 40% of patients receiving three doses of dupilumab at 600-300 mg achieved EASI-75 response (vs. 5% in the placebo group) and approximately 9% of patients in this treatment group had IGA score of 0 or 1 (vs. 0% in the placebo group). As the clinical trial data of CM310 and that of dupilumab were generated in independent studies and do not come from head-to-head analysis, and there is no assurance that the data of CM310 in later clinical trials will be as favorable as that of this Phase Ib/IIa trial, caution should be exercised in drawing any conclusions from a comparison of the data. However, we believe meaningful insight of CM310 may be drawn that CM310 could be of great potential for AD treatment.

As CM310 is designed to have high affinity for IL-4Rα in both humans and animals, we have substantial latitude to evaluate its efficacy and safety in animal studies and to effectively generate valuable preclinical research results, which is of immense importance in persuading regulatory authorities for indication expansion studies in China.

Most advanced domestically-developed IL-4Rα antibody candidate in China: CM310 is the first and most advanced domestically-developed IL-4Rα antibody in multiple clinical trials in China. Based on the positive results from our Phase Ia and Ib/IIa trials, we have initiated a Phase IIb trial to evaluate CM310 in moderate-to-severe AD patients and a Phase II clinical trial to evaluate CM310's efficacy in patients with CRSwNP. In collaboration with CSPC, we expect to initiate a Phase II clinical trial for moderate-to-severe asthma. Several clinical trials of CM310 for different patient subgroups, such as children and adolescents, have also been planned. We expect to submit our first NDA for CM310 to the NMPA in 2023.

- **CM326** is a humanized, highly potent monoclonal antibody targeting TSLP for the treatment of allergic diseases, such as moderate-to-severe asthma, CRSwNP and COPD. CM326 may also have synergistic effects with CM310.

  Potential drug for both eosinophil dependent and independent inflammatory diseases: CM326 is being developed for the treatment of moderate-to-severe asthma and potentially other allergic diseases, especially for the eosinophil-independent patient subgroup that is less responsive to treatments targeting type II cytokines, such as dupilumab. The efficacy of existing biologic drugs is correlated with elevated eosinophil level, which is observed in 60% of moderate-to-severe asthma patients. Studies have found that treatment with Amgen/AstraZeneca's tezepelumab (a BLA-filed TSLP antibody) results in a reduced asthma exacerbation rate, regardless of the baseline blood eosinophil count. In addition, tezepelumab may be effective for both type II-high and type II-low asthma. As of the Latest Practicable Date, no TSLP antibody had been approved anywhere in the world.

Favorable potency and safety in preclinical studies: In our pharmacology studies, CM326 is five times more potent than tezepelumab analog in the inhibition of TSLP-induced cell proliferation and activation. In toxicity studies, a single dose of up to 550 mg/kg CM326 and weekly dosing of up to 300 mg/kg CM326 were both well tolerated in monkeys. Thus, CM326 demonstrated a favorable safety profile and a wide therapeutic window.

Most advanced domestically-developed TSLP antibody candidate in China: CM326 is the first domestically-developed TSLP antibody candidate in China, and the third globally, to have entered into clinical trial. We initiated a Phase Ia clinical trial in healthy volunteers in January to evaluate CM326's safety, PK and PD profiles, and enrolled the first subject in April 2021. We will advance CM326 into a Phase Ib/IIa trial in moderate-to-severe asthma patients, and file IND applications for CRSwNP and COPD.

In addition to allergic diseases, we are also committed to addressing other complicated immunological disorders that have few or no effective treatments available, such as IgA nephropathy.

- **CM338** is a humanized, highly potent antagonist antibody against mannose-binding lectin-associated serine protease-2 (MASP-2). The complement system plays a critical role in both innate and adaptive immunity. MASP-2 is an effector enzyme and key mediator of the lectin pathway, which is one of the three principal pathways that activate the complement system.

  Potentially breakthrough treatment for complement-mediated diseases: Uncontrolled signaling of lectin pathway is one of the main causes for complement-mediated inflammation and endothelial damage in multiple autoimmune diseases, such as immunoglobulin A (IgA) nephropathy, lupus nephritis, complement 3 glomerulopathy (C3G) and atypical hemolytic uremic syndrome (aHUS). There are very limited treatment options for these complement-mediated disorders with devastating impact. Omeros's narsoplimab is currently the most advanced MASP-2 antibody candidate in multiple clinical trials in aHUS, IgA Nephropathy, Lupus Nephritis, Membranous Nephropathy, C3 Glomerulopathy and COVID-19. Narsoplimab has filed a BLA for hemotopoietic stem cell transplantation-associated thrombotic microangiopathy (HSCT-TMA) with the FDA.

  Favorable preclinical results: Our preclinical studies indicated that, in comparison with narsoplimab analog, CM338 is more than 50-fold potent in inhibiting the lectin pathway, as measured by IC_{50} (0.026 nM vs. 0.202 nM for C4b2a; 0.033 nM vs. 1.151 nM for C3b). We are assessing the toxicity of CM338 in monkeys, and no severe adverse event has been observed. We expect to submit an IND application for IgA nephropathy to the NMPA in 2021.

An oncology portfolio comprising multi-modality antibody therapies, highlighted by a Claudin 18.2 ADC (CMG901), and multiple bispecific antibodies developed on our proprietary nTCE platform

Immuno-oncology therapies have revolutionized the cancer treatment over the past decade. Although PD-(L)1 antibodies have been approved for first-line and second-line treatment of a wide array of cancer indications worldwide, approximately 70% – 80% of cancer patients with solid tumors are not responsive to PD-(L)1 antibody treatments or develop drug resistance ultimately.

Based on our drug discovery and development technologies including the nTCE platform, we have continued to explore next-generation antibody-based therapies, such as antibody drug conjugates (ADCs) and bispecific antibodies.

- **CMG901** is a Claudin 18.2-targeting ADC for the treatment of advanced gastric cancer, pancreatic cancer and other solid tumors. It enables selective cancer killing by attaching a highly potent payload to a Claudin 18.2-specific antibody.

  Large market opportunities: Claudin 18.2 is found to be overexpressed in 60% gastric cancer cases, 50% pancreatic cancer cases, and multiple other solid tumors. There were 1.1 million newly diagnosed gastric cancer cases in 2019 worldwide, with 42.9% in China. For pancreatic cancer, there were approximately 471,500 and 108,400 new cases worldwide and in China, respectively, in 2019. Patients who failed the treatment of PD-(L)1 antibodies or standard chemotherapies may benefit from therapies targeting Claudin 18.2. As of the Latest Practicable Date, no Claudin 18.2-targeting therapy has been approved for marketing in China or around the world.

  Strong antitumor activity: CMG901 can effectively kill tumor cells through two mechanisms: (i) the release of cytotoxic molecules (MMAE) after internalization by tumor cells, and (ii) the induction of ADCC and CDC effects of the immune system.

  Compared with zolbetuximab analog, our CMG901's unconjugated antibody specifically binds to Claudin 18.2 with higher affinity, as measured by EC_{50} (1.2 nM vs. 2.2 nM) in our preclinical studies, resulting in more potent cell killing by ADCC and CDC. Moreover, MMAE is released at tumor sites when the linker is cleaved after CMG901 is internalized by tumor cells. It is highly cytotoxic and can potentially exert bystander killing effects on nearby Claudin 18.2-negative tumor cells. In animal models of gastric and pancreatic cancers, CMG901 exhibited much stronger antitumor activity in comparison with CMG901's unconjugated antibody or zolbetuximab analog at the same dose levels.

Favorable safety profile: CMG901 has shown favorable tolerability and safety in our preclinical studies. In comparison with Claudin 18.2 naked antibodies in combination with chemotherapies, Claudin 18.2 ADCs such as CMG901 can deliver chemotherapies specifically to tumor cells, thus minimizing toxicity to normal tissues. In toxicity studies, CMG901 was well tolerated up to 6 mg/kg and 10 mg/kg on cynomolgus monkeys and rats, respectively. These dosage levels are much higher than the lowest efficacious dose (0.3 mg/kg) determined in our *in vivo* animal efficacy studies. Therefore, CMG901 may have a broad therapeutic window and may allow for an optimal dosing regimen in humans.

World's first Claudin 18.2 ADC to have received IND approval: CMG901 is the first Claudin 18.2 ADC to have received IND approvals in both China and the U.S. We are in the process of enrolling patients with advanced solid tumors in a dose-escalation Phase I clinical trial to explore the safety profile of CMG901. Based on the results of the dose-escalation Phase I trial, we plan to further evaluate CMG901's preliminary efficacy in a dose-expansion study.

In recent years, T cell engaging bispecific antibodies have attracted particular interest as a promising class of immunotherapies for the treatment of non-immunogenic tumors. We are applying our proprietary nTCE platform to develop bispecific antibodies with maximal T cell-mediated cell killing effects and minimal cytokine release syndrome. CM355, CM336 and CM350 are the leading assets of our bispecific antibody portfolio in IND-enabling studies.

- **CM355** is a CD20xCD3 bispecific antibody co-developed with InnoCare for the treatment of lymphoma. In preclinical studies, CM355 demonstrated stronger TDCC activities with less cytokine release as compared to its leading competitors. We plan to file an IND application with the NMPA in 2021.

- **CM336** is a BCMAxCD3 bispecific antibody for the treatment of RRMM. In preclinical studies, CM336 demonstrated high affinity for BCMA and strong antitumor activity. We plan to file an IND application with the NMPA in 2021.

- **CM350** is a Glypican 3 (GPC3)xCD3 bispecific antibody for the treatment of solid tumors. GPC3 is overexpressed in hepatocellular carcinoma (HCC), lung cancer and gastric cancer. CM350 induced stronger TDCC as compared to its leading competitor. We plan to file an IND application with the NMPA in 2021.

Our oncology portfolio also includes two clinical-stage monoclonal antibody candidates, MIL95/CM312 (CD47 antibody) and CM313 (CD38 antibody).

Fully-integrated in-house capabilities that well position our drug candidates for cost-effective development and manufacturing

Since our founding, we have envisioned ourselves to become a fully-integrated biopharmaceutical company that translates lab discoveries to innovative medicines. In addition to early-stage drug screening and development, we have built other key function groups including translational research, clinical development, regulatory affairs, and manufacturing.

Leveraging the expertise of our clinical development team, we are able to efficiently design and execute our clinical trials and demonstrate the advantages of our innovative drugs through outstanding clinical results. Our clinical development team achieves this goal through well-designed trial protocols and excellent trial execution. The team coordinates clinical development strategies and trial protocols for our drug candidates, and manages the trial implementation with the assistance of reputable CROs in a cost-effective manner. Our medical and translational research staff identify and validate biomarkers, direct patient selection, and analyze clinical data to guide clinical studies and preclinical evaluations. As our clinical-stage drug candidates are each among the first three domestically-developed for its target or in its class to have obtained IND approval in China and/or the U.S., we have attracted first-tier hospitals and leading PIs to join our clinical trials. We believe the long-term relationships with these medical collaborators will bring us tremendous benefits.

To ensure timely and consistent production and supply of high-quality and affordable antibody drugs, we have always been committed to enhancing our in-house manufacturing capabilities. Our manufacturing facilities are constructed in compliance with cGMP standards in China and the U.S.. With our high-throughput screening platform, we have developed high-expressing cell lines to achieve robust antibody production. Over the past two years, our first cGMP-compliant manufacturing facility with a capacity of 1,600 L has consistently and successfully supplied our drug candidates for various clinical trials. We will continue to expand our commercial manufacturing capacity to further improve the cost-effectiveness of our productions. The first phase of our new manufacturing facility is expected to commence operation by 2022 with an additional 16,000 L of manufacturing capacity.

A management team with rich industry experience and scientific expertise, backed by leading healthcare investors

We are led by our visionary leader, Dr. Bo Chen, an established scientist and a successful serial entrepreneur in building and leading biotechnology companies. Before founding our Company in 2016, Dr. Chen founded and managed two biotechnology companies, namely Wuhan Huaxin Kangyuan Biopharma Co., Ltd. and Shanghai Junshi (HKEX:1877/SHA:688180). At Shanghai Junshi, Dr. Chen led the invention and development of multiple antibody therapies, including toripalimab (Tuoyi), the first domestically-developed PD-1 antibody to have received marketing approval in China. Dr. Chen received his Ph.D. degree in developmental and molecular biology from Albert Einstein College of Medicine in New York.

Our management team has multidisciplinary backgrounds and strong expertise in drug R&D, clinical development, CMC and regulatory affairs. Besides Dr. Chen, the other senior members of our management team have an average of over 20 years of industry experience and have participated in innovative drug development at global biopharmaceutical companies including Bristol-Myers Squibb, Pfizer and Roche.

Dr. Changyu Wang, our senior vice president, oversees our drug discovery and development team efforts and leads our preclinical evaluation and translational medicine functions. Dr. Wang led the development of the world's first PD-1 antibody, Bristol-Myers Squibb's nivolumab (Opdivo). Before joining our Company, he held senior research and management roles in Chiron, Medarex, Bristol-Myers Squibb, and Pfizer. Dr. Wang received his Ph.D. degree from the University of Colorado, and worked as post-doctoral research fellows at Harvard University and Massachusetts Institute of Technology.

Dr. Gang Xu, our senior vice president, leads our drug discovery efforts. Dr. Xu was previously a senior scientist at Roche. Dr. Xu received his Ph.D. degree in immunology from Peking Union Medical College and was a post-doctoral research fellow at the University of Maryland Medical Center.

Dr. Qian Jia, our senior vice president, is in charge of our CMC and regulatory affairs. Dr. Jia has over 30 years of experience in the pharmaceutical industry. She previously served as the chief scientist and vice president at North China Pharmaceutical Group New Drug R&D Co., Ltd., and was the head of CMC and regulatory affairs at two biotech companies before joining our Company.

Ms. Yan Zhang, our vice president, leads our clinical development team. Ms. Zhang has more than ten years of clinical development experience with multinational pharmaceutical companies, including Sanofi, Janssen, Novartis and Bayer, and leading domestic biotech and CRO companies, including Haihe Biopharma and WuXi Clinical. Ms. Zhang received his Master of Clinical Medicine from Peking University Health Science Center and is a licensed physician in China.

Our shareholders consist of leading healthcare investors, such as Legend Star, Hillhouse Capital, Hankang Capital, Lilly Asia Ventures, and Boyu Capital. Our investors provide us with valuable industry resources and vital connections to the pharmaceutical sector both in China and around the world.

OUR STRATEGIES

We aim to execute the following business strategies:

Consistently bring leading innovative therapies to underserved patients

Against the backdrop of the increasingly competitive global drug development landscape, we will continue to dedicate ourselves to the in-house discovery and development of leading, innovative drug candidates in their respective classes. We endeavor to optimize our drug development process to accelerate the bench-to-bedside translation, and improve R&D cost-effectiveness, while maintaining a high success rate.

In order to realize synergistic R&D, we will further expand our collaboration and partnership networks with renowned academic and industrial leaders.

Design and execute efficient and cost-conscious clinical development plan to advance our drug candidates towards commercialization

We have been and will continue to design and implement an efficient and cost-conscious clinical development plan to shorten the time-to-market of our drug candidates in China and overseas. Exploiting the massive patient pool and our experienced clinical operation team, we will continue to prioritize our clinical development in China to bring our drug candidates to the domestic market in a expeditious manner. With clinical evidence accumulated in China, we will seek fast-tracked development and regulatory process in foreign countries, such as the U.S., by conducting bridging studies.

We expect to achieve development milestones for our Core Product and key drug candidates listed below:

- **CM310**:

  We have initiated a Phase IIb clinical trial for moderate-to-severe AD, and expect to initiate the Phase III study and submit NDA with the NMPA for the same indication in the first half of 2022 and in 2023, respectively.

  We expect to initiate Phase III study in CRSwNP in 2022.

  In collaboration with CSPC, we expect to initiate a Phase II clinical trial for moderate-to-severe asthma.

  Several clinical trials of CM310 for different patient subgroups, such as children and adolescents, have also been planned.

- **CM326**:

  We will advance CM326 into a Phase Ib/IIa trial in moderate-to-severe asthma patients, and file IND applications for CRSwNP and COPD.

- **CMG901**:

  We expect to initiate the dose-expansion stage of clinical study in solid tumors by 2022 in China.

Strengthen our translational research capabilities to accelerate drug discovery and development

We aim to continuously enhance our translational research capabilities to expedite and support pre-clinical research and clinical development of our drug candidates.

Through talent recruitment and retention, we plan to strengthen our translational medicine research team with interdisciplinary background across biology, medicine, bioinformatics, and biomedical engineering.

We will further collaborate with PIs, KOLs, and physicians in clinical studies and basic research. With the support from frontline investigators in combination with translational research, we strive to identify and validate new biomarkers, stratify patient populations, and expand addressable indications for our drug candidates. We can also gain first-hand knowledge of clinical practice through our communication with medical scientists, enabling us to identify unmet needs in overlooked disease areas.

Scale up our cost-effective manufacturing capacity to provide affordable innovative biologic therapies

We envision a world where innovative therapies are accessible to a wide group of patients. We aim to bring innovative biologic therapies to the patients at an economical price, and break through the market ceiling previously set by affordability constraints. We will continue to expand our cGMP-compliant manufacturing capacity, with an additional 16,000 L production capacity to be fully operational by 2022. Meanwhile, we aim to further improve the cost-effectiveness of our production. Therefore, CM310 and our other upcoming assets could be marketed at a competitive pricing upon commercial launch.

We will continue to diversify our supply chain for equipment and consumables to control costs, and overcome any supply disruptions in unforeseen events.

Build an in-house commercialization team and establish value accretive partnerships

We will continue to conduct multi-center clinical trials in close collaboration with PIs, and establish long-term interactive relationship and mutual trust. Leveraging this clinical development experience, we will establish an in-house commercialization team with medical and scientific background to support the future marketing and commercialization of our assets.

To fully unlock the market potential of our innovative drug candidates on a global scale, we also plan to commercialize our drug candidates in both developed and emerging markets through collaboration with local and multinational commercial partners. We are particularly interested in partners who have well-established sales network and complementary or synergistic product portfolio. Given the leading position of our clinical-stage drug candidates in its respective competitive landscape, we expect to achieve potential collaborations and out-licensing arrangements for our assets at a favorable valuation.

OUR DRUG CANDIDATES

Our core business model is to internally discover and develop innovative therapies based on differentiated or clinically-validated mechanisms of action. To complement our in-house research and development efforts, we also collaborate with third parties on the development and commercialization of our drug candidates through joint venture or out-licensing arrangements. For details, please refer to the paragraphs headed "– Collaboration Agreements." Building on our strong R&D capabilities and technologies and leveraging our collaboration with strategic partners, we have developed a well-diversified pipeline of nine IND-enabling and clinical stage innovative drug candidates, including monoclonal antibodies, bispecific antibodies and antibody-drug conjugate (ADC), targeting a wide array of autoimmune diseases and cancer with large unmet medical needs and market potential. Among our drug candidates, five have entered into clinical stage, and each of them is among the first three domestically-developed for its target or in its class to have obtained IND approval in China and/or the U.S.

	Drug Candidate	Target (Modality)	Focused Indications	Status	Partner	Commercial Rights	First posted date[6]	Upcoming Milestones
Autoimmune	★ CM310	IL-4Rα (mAb)	Moderate-to-severe AD	China Trial		Global	2021/1/28 (Phase IIb)	Phase III initiation in 2022 1H NDA submission to NMPA in 2023
			CRSwNP	China Trial		Global	2021/2/26 (Phase II)	Phase III initiation in 2022
			Moderate-to-severe eosinophilic asthma	China Trial	CSPC 石药集团	Global ex mainland China[1]	2019/8/5 (Phase I)	
	CM326	TSLP (mAb)	Moderate-to-severe asthma	China Trial		Global	2021/4/13 (Phase I)	
			CRSwNP	(2)		Global		
			COPD	(2)		Global		
	CM338	MASP-2 (mAb)	IgA nephropathy			Global		NMPA IND application in 2021 2H
Oncology	CMG901[7]	Claudin 18.2 (ADC)	Solid tumors	China Trial	乐普生物 LEPU BIOTECH	Global[3]	2020/12/9 (Phase I)	Dose expansion in 2022
			Gastric and GEJ cancer	US Trial	乐普生物 LEPU BIOTECH	Global[3]		Tentative trial initiation in 2022 to 2024[8]
	CM313	CD38 (mAb)	RRMM, lymphoma and other hematological malignancies	China Trial		Global	2021/3/15 (Phase I)	Phase I first subject enrollment in 2021 1H
	MIL95/ CM312	CD47 (mAb)	Lymphoma and solid tumors	China Trial	荣昌 Mabworks	Global[4]	2020/11/27 (Phase I)	
	CM355	CD20 x CD3 (Bispecific)	Lymphoma		INNOCARE	Global[5]		NMPA IND application in 2021
	CM336	BCMA x CD3 (Bispecific)	MM			Global		NMPA IND application in 2021
	CM350	GPC3 x CD3 (Bispecific)	Solid tumors			Global		NMPA IND application in 2021

★ Core Product + Key Product

Abbreviations: 1H = first half; 2H = second half; AD = atopic dermatitis; ADC = antibody drug conjugate; CRSwNP = chronic rhinosinusitis with nasal polyposis; COPD = chronic obstructive pulmonary disease; GEJ = gastroesophageal junction; mAb = monoclonal antibody; MM = multiple myeloma; Ph = Phase; RRMM = relapsed or refractory multiple myeloma.

Notes:

1. In March 2021, we granted CSPC an exclusive license to develop and commercialize CM310 for the treatment of moderate and severe asthma, COPD and other respiratory diseases (the "Field") in China (excluding Hong Kong, Macau, or Taiwan) (the "Territory"). For the avoidance of doubt, we retain the exclusive rights to (i) develop and commercialize CM310 for the treatment of indications outside the Field, such as AD and CRS, in the Territory, (ii) develop and commercialize CM310 outside the Territory, and (iii) manufacture CM310 anywhere in the world, including China. CSPC will purchase CM310 from us for the development and commercialization of CM310 in the Field and the Territory. CSPC will be the market authorization holder of CM310 in the Field, including asthma, in the Territory, once approved. For further details, please refer to the paragraphs headed "– Collaboration Agreements – Collaboration with CSPC" in this prospectus.

2. If we obtain the IND approvals of CM326 for CRSwNP and COPD, we expect CM326 to directly enter into Phase II trial for these two indications as we may be allowed to skip additional Phase I trials in healthy volunteers for these new indications by leveraging the Phase I safety results of CM326.

3. We started to co-develop CMG901 with Shanghai Miracogen since October 2017 and we established a joint venture with Innocube to jointly develop and commercialize CMG901, in which we and Innocube own 70% and 30% shares respectively. Shanghai Miracogen and Innocube are under the common control of Lepu Biopharma. For further details, please refer to the paragraphs headed "– Collaboration Agreements – Collaboration with Lepu Biopharma" in this prospectus.

4. In January 2018, we entered into a technology collaboration agreement with Mabworks to co-develop MIL95/CM312. Mabworks and us will share the development costs and the revenue at the ratio of 51:49 in China. For further details, please refer to the paragraphs headed "– Collaboration Agreements – Collaboration with Mabworks" in this prospectus.

5. We established a 50:50 joint venture with InnoCare in August 2018 for the discovery, development and commercialization of biologics. In June 2020, we entered into a license and collaboration agreement with InnoCare, under which we granted to InnoCare an exclusive license for 50% ownership of CM355 to jointly develop, manufacture and commercialize CM355 globally, and we agreed to transfer all the rights to CM355 to the joint venture with InnoCare after the receipt of IND approval for CM355. For further details, please refer to "– Collaboration Agreements – Collaboration with InnoCare."

6. The "first posted date" denotes the date when the most recent clinical trial for an indication is publicly announced.

7. The antibody component of CMG901 (i.e. CM311) is not separately evaluated in clinical trials.

8. When more safety and efficacy data of CMG901 from China trials become available, we will further evaluate the clinical trial plan in the U.S. subject to communication with the FDA.

Our Clinical Stage Products

CM310, an IL-4Rα antibody

CM310 is a humanized, highly potent monoclonal antibody directed against the interleukin-4 receptor subunit α (IL-4Rα) that blocks the signaling of both interleukin-4 (IL-4) and interleukin-13 (IL-13). It is the first domestically-developed IL-4Rα inhibitor to have received IND approval in China. As both IL-4 and IL-13 are critical in the initiation of type 2 helper T-cell (T_h2)-mediated inflammation, it was proposed that CM310 may be beneficial for the treatment of moderate-to-severe atopic dermatitis (AD), moderate-to-severe eosinophilic asthma, and chronic rhinosinusitis with nasal polyposis (CRSwNP). CM310 has showed favorable safety and PK/PD properties in a Phase Ia study in healthy volunteers in China and encouraging efficacy in a Phase Ib/IIa study in moderate-to-severe AD patients in China. CM310 is currently being evaluated in a Phase IIb trial in moderate-to-severe AD and a Phase II trial in CRSwNP in China.

In March 2021, we granted an exclusive license to CSPC to develop and commercialize CM310 for the treatment of moderate-to-severe asthma, chronic obstructive pulmonary disease (COPD) and other respiratory diseases in China (excluding Hong Kong, Macau or Taiwan). We retain the exclusive rights to develop and commercialize CM310 for the treatment of other diseases, such as moderate-to-severe AD and CRSwNP, in China and for the treatment of all indications outside China. In addition, we retain the exclusive rights to manufacture CM310 worldwide.

The table below summarizes the timeline of key R&D milestones of CM310:

	Moderate-to-severe AD	CRSwNP	Moderate-to-severe eosinophilic Asthma
IND Approval	Obtained an umbrella Phase I, II and III trials IND approval in November 2019	Obtained an umbrella Phase II and III trials IND approval in December 2020	Obtained an IND approval for Phase I trial in July 2019
Phase I Trial	Initiated[1] and enrolled the first subject in the Phase Ia trial in healthy volunteers in September 2019 Completed the trial in January 2020[2]		
Phase II Trial	Initiated the Phase Ib/IIa trial in June 2020 and enrolled the first patient in July 2020 Completed the trial in January 2021	Initiated the Phase II trial in December 2020 and enrolled the first patient in April 2021	Obtained the approval from the NMPA to initiate Phase II trial in May 2021

Moderate-to-severe AD	CRSwNP	Moderate-to-severe eosinophilic Asthma
Initiated the Phase IIb trial in November 2020 and enrolled the first patient in February 2021		

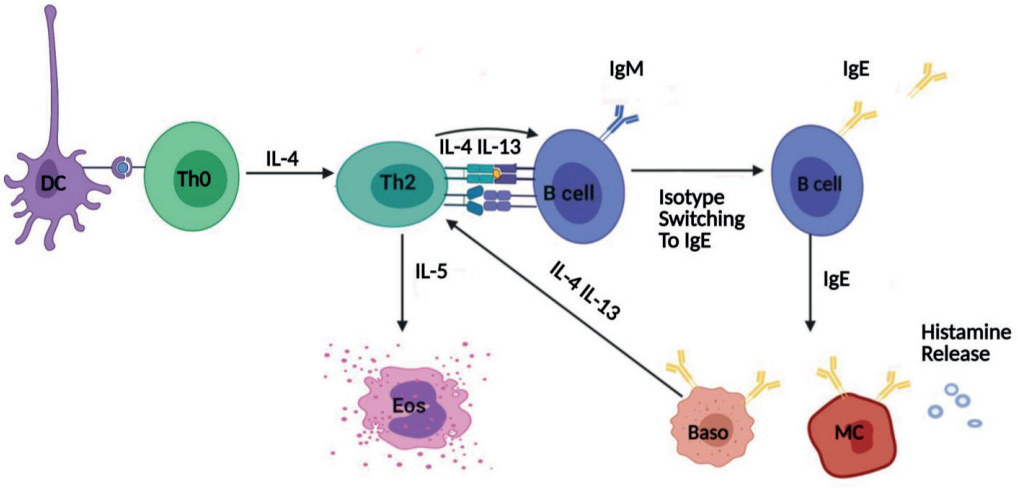
Notes:

1. A trial is considered to be initiated when its trial protocol is finalized.

2. Based on the communication with the NMPA, we directly entered into Phase II stage for AD and CRSwNP leveraging the safety and PK data from the completed Phase Ia trial in healthy volunteers.

Mechanism of Action

While a number of allergic diseases, including AD, asthma, CRSwNP, represent a heterogeneous set of disorders affecting different target tissues, they do share fundamental mechanisms of type II immune responses. T_h2 cells, a type of CD4+ T cells, plays a key role in the type II inflammation with characteristic hallmarks of eosinophilia and elevated immunoglobulin (Ig)E-levels. Type II immune responses are critical for host resistance against parasite infections but, when dysregulated, may cause inflammatory reactions that result in allergic disorders. The following diagram illustrates how type II immune responses are activated:



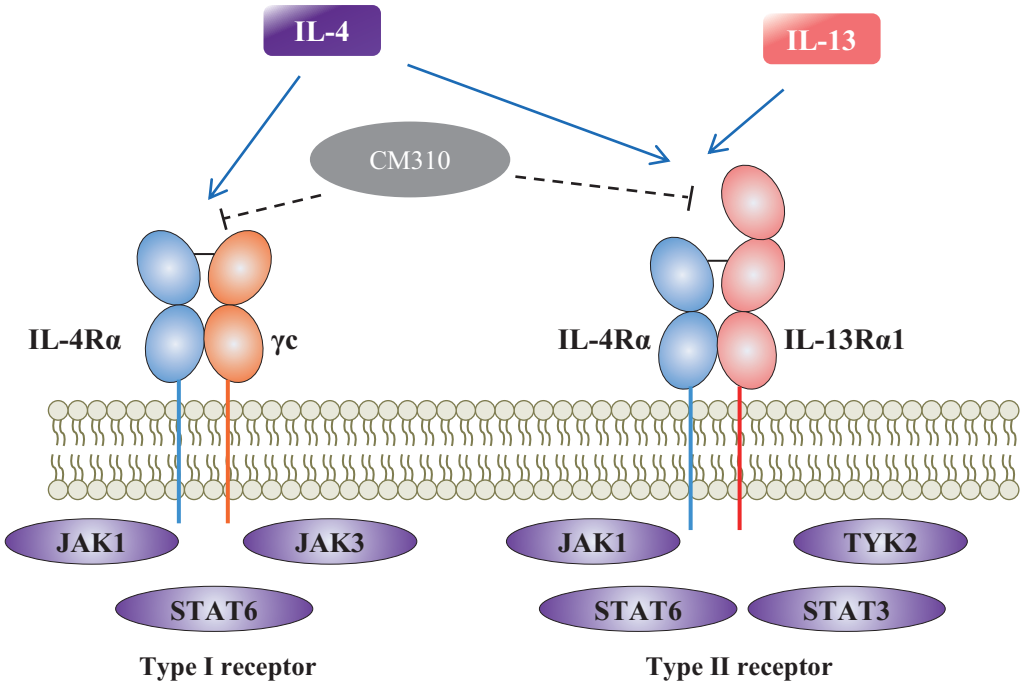
Abbreviation: DC = dendritic cell, Eos = eosinophil, Baso = basophil, MC = mast cell

Source: Literature review

IL-4 and IL-13 are the signature cytokines of the type II immune response. They are key players in the inflammatory response triggered either by an invading parasite or allergen. In T cells, IL-4 induces the differentiation of naive CD4+ T cells (T_h0 cells) into T_h2 cells; in B cells, IL-4 drives Ig class switch to IgG or IgE; and in macrophages, IL-4 and IL-13 induce alternative macrophage activation. IL-4 and IL-13 also have multiple effects on induction in mucus production, goblet cell hyperplasia, smooth muscle contractility and induction of mastocytosis.

Since IL-4 and IL-13 play important roles in the pathogenesis of allergic diseases, blocking both the IL-4 and IL-13 signals would be a powerful and effective strategy for treating allergic diseases. IL-4 and IL-13 regulate cellular functions and activate transcriptional machinery via cell surface receptors. There are two types of IL-4Rs: type 1 IL-4R and type 2 IL-4R. Type 1 IL-4R is composed of IL-4Rα and the common γ chain (γc), whereas type 2 IL-4R comprises IL-4Rα and IL-13Rα1. Type 1 receptor can be activated by IL-4 and type 2 receptor can be activated by both IL-4 and IL-13. These receptors are present in the surface of a large number of cells involved in the pathogenesis of type II allergic responses.

As the IL-4Rα is a common subunit shared by IL-4Rs, it is a promising target for development of therapeutics for T_h2-mediated allergic diseases. CM310 is a potent monoclonal antibody targeting IL-4Rα. By binding to IL-4Rα, CM310 inhibits the activation of IL-4Rs by IL-4 and IL-13, thus blocking the signaling pathways inducing allergic responses. The diagram below illustrated the mechanism of action of CM310.



Source: Literature review, Frost & Sullivan analysis

Market Opportunities and Competition

Type II inflammation is the cause of a spectrum of interconnected disorders, including AD, asthma, chronic rhinosinusitis (CRS), and eosinophilic esophagitis (EoE). The ongoing and increasing epidemic of allergic diseases has become a major public health problem in China and worldwide. However, for moderate and severe forms of many allergic diseases, there are only limited therapeutic options available. In addition to allergic diseases, type II inflammation may also play a pathogenic role in the development of COPD.

- AD is one of the most common skin diseases. According to Frost & Sullivan, the prevalence of AD was approximately 65.7 million and 649.0 million in China and worldwide, respectively, in 2019, with a prevalence of up to 20% in children and adolescent. It is estimated to increase to 81.7 million and 755.3 million in China and worldwide, respectively, in 2030. Among all AD patients, approximately 30% are estimated to suffer from moderate and severe disease conditions.

- Asthma affected approximately 63.6 million and 746.4 million people in China and worldwide in 2019, according to Frost & Sullivan. Asthma patients are estimated to increase to 78.1 million and 858.2 million in China and worldwide, respectively, in 2030. 5% to 10% of these patients have severe asthma and inadequately controlled conditions despite high doses of inhaled corticosteroids in addition to a second controller.

- CRS had a high prevalence of 117.7 million and 1,013.0 million in China and worldwide, respectively, in 2019, which is expected to increase to 136.6 million and 1,168.9 million, respectively, in 2030, according to Frost & Sullivan. CRS includes two subgroups, CRS with/without nasal polyps (NP), which are characterized by the presence of fleshy swellings that develop in the lining of the nose and paranasal sinuses. The prevalence of nasal polyposis among patients with CRS is approximately 15-25%.

- COPD had a prevalence of 104.4 million and 212.4 million in China and worldwide in 2019 respectively, which are expected to increase to 110.8 million and 299.0 million in 2030 respectively, according to Frost & Sullivan.

Allergic diseases often develop sequentially at different stages of life in the same individuals, possibly because of a shared genetic origin. These diseases can have a huge impact on the quality of life of affected individuals, resulting in profound emotional, psychological, economic and social burdens of patients and their families.

Topical medication (such as creams, inhalers and sprays) usually have limited efficacy in severe forms of allergic diseases. Systemic corticosteroids and immunosuppressants, such as cyclosporine A, azathioprine, mycophenolate mofetil, enteric-coated mycophenolate sodium, and methotrexate, are the main treatments for the moderate-to-severe allergic diseases. However, systemic treatments with these therapies are often associated with significant side

effects in long term. In children and adolescents, the maintenance treatment of systemic corticosteroids can cause dose-dependent growth suppression, and a series of severe adverse effects. Moreover, a significant proportion of patients remain refractory to those therapies.

Given the high prevalence of allergic diseases and the limitations of currently available medications, there are significant medical needs for safer and more efficacious therapeutic options. In past decades, the development of biologic drugs targeting specific cytokines, such as IL-4, IL-5, and IL-13, as well as IgE, involved in the development of allergic diseases have emerged as promising innovative therapies for those diseases, especially for moderate-to-severe diseases. For example, omalizumab (a IgE-targeted antibody) and three antibodies targeting IL-5/IL-5Rα (mepolizumab, reslizumab, benralizumab) have been approved for patients with severe asthma in the U.S. Most recently, Sanofi/Regeneron's dupilumab (Dupixent), an IL-4Rα antibody, was approved by the FDA in 2017 and the NMPA in 2020. It is currently approved for the treatment with a broader range of indications than other biological drugs, i.e. moderate-to-severe AD, moderate-to-severe asthma and CRSwNP in the U.S. Given its favorable safety, dupilumab was also approved for moderate-to-severe AD and moderate-to-severe asthma in patients aged 6 years and older and aged 12 years and older, respectively. In 2020, the annual sales of dupilimab reached US$4.0 billion worldwide. Several clinical trials of dupilumab for other diseases in which type II inflammation is dominant are underway.

Dupilumab was the only IL-4Rα antibody approved for marketing in China and worldwide as of the Latest Practicable Date. The current cost of treatment of dupilumab in China, U.S. and EU are RMB85,320, US$22,638 and EUR22,332, respectively. CM310 is the first domestically-developed IL-4Rα antibody to have received IND approval in China. The table below summarizes the status of CM310 and other IL-4Rα drug candidates in clinical stage in China. For additional information on the market opportunities and competitive landscape of this drug candidate, please refer to "Industry Overview – 3. IL-4Rα Targeted Medication Market Overview."

Drug Code/INN	Company	Status	First Posted Date	Indications
		China		
Dupilumab	Sanofi/Regeneron	Phase III	2018/12/13	Asthma
		Phase III	2019/10/08	COPD
		Phase III	2020/4/24	Chronic spontaneous urticaria
		Phase III	2020/4/29	Prurigo nodularis
		Phase III	2021/2/18	Allergic fungal rhinosinusitis
CM310	**Keymed Biosciences**	**Phase IIb**	**2021/1/28**	**Atopic dermatitis**
		Phase II	**2021/2/26**	**CRSwNP**
		Phase I (finished)	**2019/8/05**	**Asthma**
CBP-201	Connect Biopharm	Phase II	2020/11/20	Atopic dermatitis
QX005N	Qyuns Therapeutics	Phase I	2020/9/14	Atopic dermatitis
MG-K10	Mabgeek	Phase I	2020/10/15	Asthma
SHR-1819	Hengrui	Phase I	2021/2/01	Asthma

Source: Frost & Sullivan

Competitive Advantages

- Encouraging efficacy in clinical trials

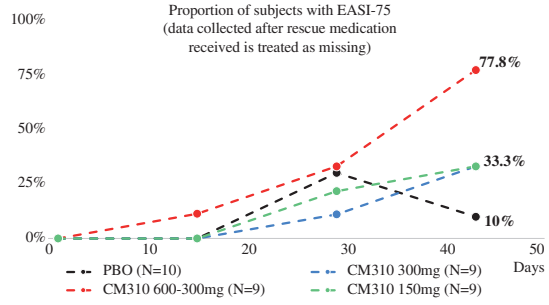
In the Phase Ib/IIa trial in patients with moderate-to-severe AD, CM310 demonstrated encouraging efficacy in the treatment of patients with moderate-to-severe AD. Moderate-to-severe disease was defined by an IGA score ≥ 3 in the overall assessment of AD lesions on a severity scale of 0 to 5, of which IGA 3, 4 and 5 means moderate, severe and very severe conditions respectively. At baseline, 36% of enrolled patients were IGA 3 and 64% were IGA 4 or 5. The main efficacy endpoints of this trial were the proportion of patients who (i) achieved Eczema Area and Severity Index (EASI)-75 (EASI-75) response, which refers to at least 75% improvement in lesion extent and severity, and (ii) achieved IGA score of 0 or 1 (clear/almost clear skin) and a reduction of ≥2 points from baseline at day 43. The results show that in the treatment group receiving three doses with a schedule of once every 2 weeks (Q2W) of 600-300 mg (300 mg following a loading dose of 600 mg), 77.8% patients achieved EASI-75 at day 43, as compared to 10.0% of placebo group ($p = 0.005$). In addition, 33.3% patients in this treatment group achieved IGA score of 0 or 1 and a reduction of ≥2 points from baseline at day 43, as compared to zero in placebo group ($p = 0.087$). In statistics, the p value describes the probability of observing a large difference purely by chance in two groups of people with similar characteristics. A smaller p value means there is a smaller chance the results could be random. This Phase Ib/IIa trial is a small-sized study (9 subjects in 600-300 mg group and 10 subjects in placebo group) during a limited treatment period for 3 doses only. Despite the limitations on sample size and treatment period, the p value of 0.005 for EASI-75 comparison shows a significant statistical difference of results between 600-300 mg treatment group and placebo group, and the p value of 0.087 for IGA score comparison shows a promising trend favoring CM310 as well. Evidenced by the results that the larger proportion of patients in treatment groups achieving EASI-75 or IGA score 1 or 0 than the patients in the placebo arm, the treatment of CM310 demonstrated significant clinical effects in reducing AD disease severity.

According to the publicly reported data presented at the 26th Annual Meeting of Chinese Society of Dermatology, dupilumab has been evaluated in a Phase III trial in Chinese patients with moderate-to-severe AD defined by an IGA score ≥ 3 on a severity scale of 0 to 4, in which IGA 3 and 4 means moderate and severe disease respectively. At baseline, 44% of patients in this trial were IGA 3 and 56% were IGA 4. Approximately 40% of patients who received three doses of dupilumab 600-300 mg Q2W achieved EASI-75 response (as compared to about 5% of placebo groups in the same trial) and approximately 9% of those patients had IGA score of 0 or 1 and a reduction of ≥2 points from baseline (as compared to zero in placebo groups in the same trial) at day 43. At week 16, 57.3% of patients who received eight doses of dupilumab 600-300 mg Q2W achieved EASI-75 response (as compared to about 14.5% of placebo groups in the same trial) and 33.3% of those patients had IGA score of 0 or 1 and a reduction of ≥2 points from baseline (as compared to zero in placebo groups in the same trial) ($p < 0.0001$ for both comparisons). The p values <0.0001 demonstrated statistical differences in both EASI-75 and IGA results between the 600-300mg treatment and placebo groups at week 16, which are derived from a relatively large subject population (over 80 in each group) during a much longer treatment period (8 doses) as compared to the Phase Ib/IIa trial of CM310. As the clinical trial

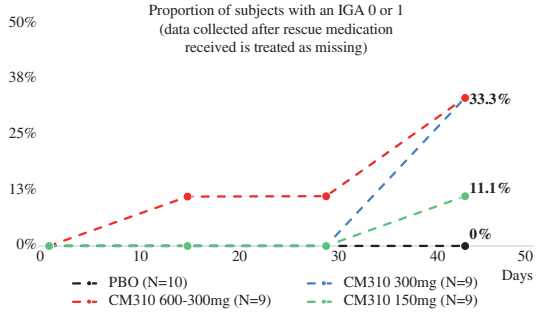
data of CM310 and that of dupilumab were generated in independent studies and do not come from head-to-head analysis, and there is no assurance that the data of CM310 in later clinical trials will be as favorable as that of this Phase Ib/IIa trial, caution should be exercised in drawing any conclusions from a comparison of the data. However, we believe that there is a good signal that CM310 is at least not inferior to, or even superior to dupilumab, in terms of efficacy for moderate-to-severe AD. The encouraging efficacy observed in this trial indicates CM310's significant potential to be an important treatment option for moderate-to-severe AD patients.

The charts below illustrate the proportion of patients achieving EASI-75 or IGA 0 or 1 in each of the treatment groups in the trials of CM310 and dupilumab as discussed above:

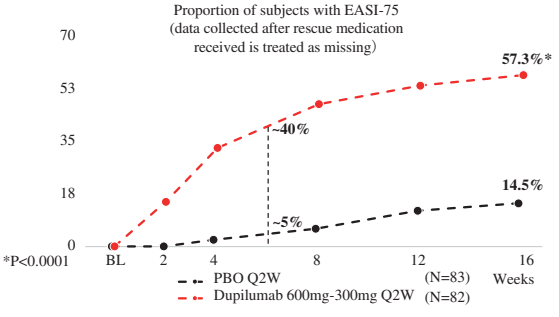
Proportion of Patients with EASI-75 Response CM310 AD Phase Ib/IIa Trial in China



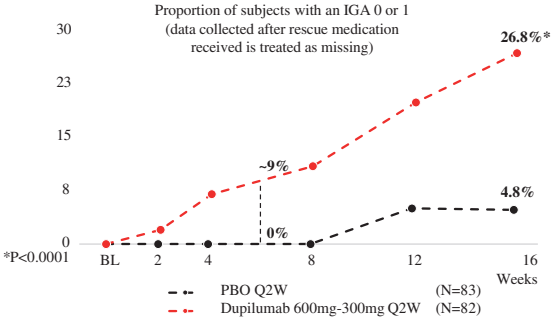
Proportion of Patients with an IGA 0 or 1 CM310 AD Phase Ib/IIa Trial in China



Proportion of Patients with EASI-75 Response Dupilumab AD Phase III Trial in China



Proportion of Patients with an IGA 0 or 1 Dupilumab AD Phase III Trial in China



Source: CM310: Company data. Dupilumab: Presentation at the 26th Annual Meeting of Chinese Society of Dermatology.

- Favorable safety and PK/PD profile in clinical trials

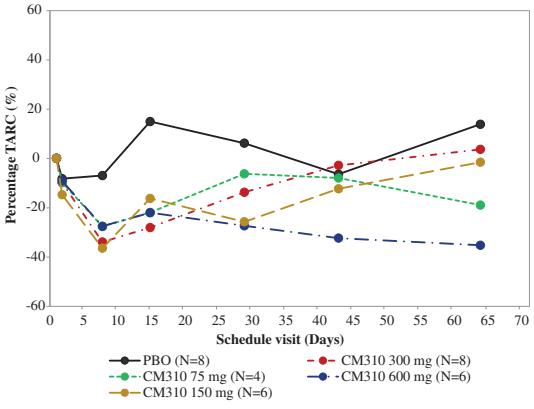
In our Phase Ia and Ib/IIa clinical trials, CM310 not only showed favorable safety and tolerability, but also exhibited superior PK and PD properties which may lead to differentiated clinical benefits in patients with allergic diseases.

In the Phase Ia trial in healthy volunteers, CM310 was safe and well-tolerated and MTD was not reached up to 600 mg, and CM310 treatment group had similar incidence rate of AEs with placebo group. In the Phase Ib/IIa trial, multiple doses of CM310 was safe and well-tolerated up to 600-300 mg. TRAEs associated with CM310 were generally mild to moderate in nature. The favorable safety profile suggests the potential of CM310 to be used for long-term treatment.

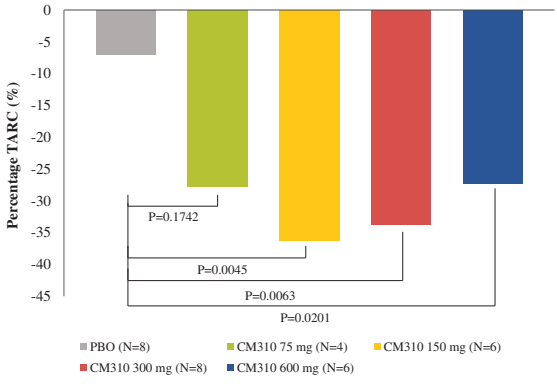
In terms of PD properties, administration of CM310 resulted in significant reduction of biomarkers associated with type II immune responses, such as serum TARC and IgE levels. In the Phase Ia trial, after single dose administrated, significant reductions in median TARC concentration were observed in groups of 150 mg, 300 mg and 600 mg, compared with placebo group (p=0.0045 for 150 mg, p=0.0063 for 300 mg and p=0.0201 for 600 mg) at day 8. In the 300 mg group, CM310 induced 33.7% decrease in TARC concentration at day 8. The figures below show the data of TARC percentage changes induced by CM310 in our Phase I trial and the data of dupilumab in a publicly reported study in healthy volunteers(1). In the Phase Ib/IIa trial, the reductions of TARC concentration and IgE levels in patients treated with CM310 were also higher than those in placebo group. TARC level is a key pharmacodynamic marker in AD patients. As the clinical trial data of CM310 and that of dupilumab were generated in independent studies and do not come from head-to-head analysis, and there is no assurance that the data of CM310 in later clinical trials will be as favorable as that of this Phase Ia trial, caution should be exercised in drawing any conclusions from a comparison of the data. However, we believe the reduction in TARC levels induced by CM310 at various dose levels may be indicative of CM310's favorable efficacy profile.

CM310

TARC percentage change from baseline – Median

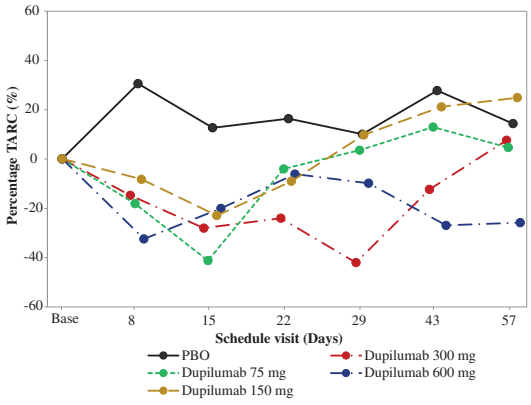


TARC percentage change from baseline at day 8 – Median



(1) Li et al (2020), Pharmacokinetics, Pharmacodynamics, Safety, and Tolerability of Dupilumab in Healthy Adult Subjects

Dupilumab
TARC percentage change from baseline – Median



Source: CM310: Company data. Dupilumab: Li et al (2020), Pharmacokinetics, Pharmacodynamics, Safety, and Tolerability of Dupilumab in Healthy Adult Subjects.

- Innovative structural design that leads to strong biological activity, minimized immunogenicity and improved productivity

In *in vitro* assays, CM310 binds to cynomolgus monkey and rat IL-4Rα, while dupilumab does not share the same binding activity. This renders our CM310 advantageous over dupilumab in that we could evaluate CM310 in different animal species for pharmacology, PK and toxicity. In addition, CM310 showed high potency in blocking the binding of IL-4Rα by IL-4 or IL-13 in ELISA and Biacore assays.

To minimize the immune effector-mediated activities of CM310, CM310 is designed as an IgG4 isotype. With our structure-based computational engineering technology, we humanized the mouse-derived antibody in an optimal way to minimize immunogenicity. As expected, in animal toxicity studies, CM310 showed no immunotoxicity and low immunogenicity.

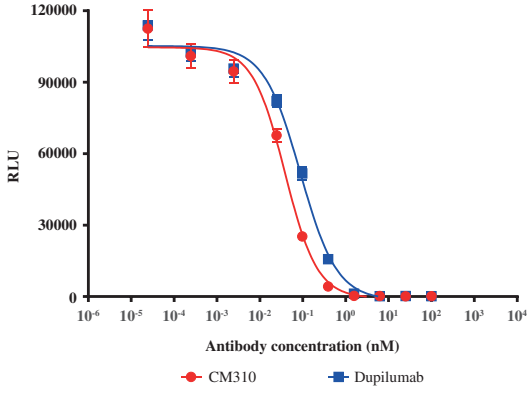
Leveraging our high-throughput screening platform for high yield antibody-expressing cells and our manufacturing capabilities, we have consistently achieved a high production yield, high purity, and a high recovery rate, while meeting high-standard quality specifications. This lowers the cost of our production and further enhances the competitiveness of CM310 against competing products. As of the Latest Practicable Date, we had not experienced any delay in the production of CM310, nor did we identify any product quality issue of CM310.

- Inhibition on IL-4 and IL-13 activities with high potency

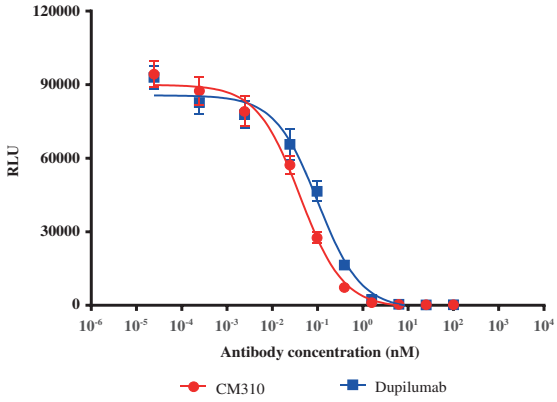
In our preclinical pharmacology studies, CM310 can effectively block IL-4/IL-13-induced signal transduction and cell proliferation involved in type II immune responses.

CM310 demonstrated comparable or even higher potency to its competitors in inhibition of T cell stimulation *in vitro*. As shown in the figures below, CM310 was shown to inhibit the IL-4 or IL-13-induced phosphorylation of the STAT6 more effectively than dupilumab.

IL-4-induced STAT6 activation



IL-13-induced STAT6 activation

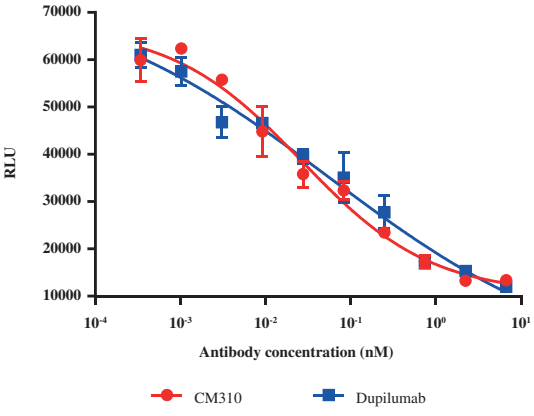


	IC_{50}(nM)	
	IL-4	IL-13
CM310	0.039	0.041
Dupilumab	0.088	0.102

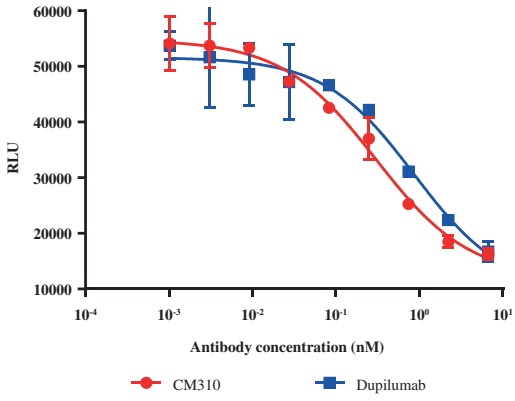
Source: Company data

Moreover, we also tested and compared the bioactivity of CM310 and its competitors in TF-1 cell proliferation assays. As illustrated in the figures below, the results showed that CM310 inhibited IL-4 or IL-13 induced proliferation of TF-1 cells with similar or higher potency to dupilumab.

IL-4-induced proliferation



IL-13-induced proliferation



	IC_{50}(nM)	
	IL-4	IL-13
CM310	0.03	0.3
Dupilumab	0.06	0.86

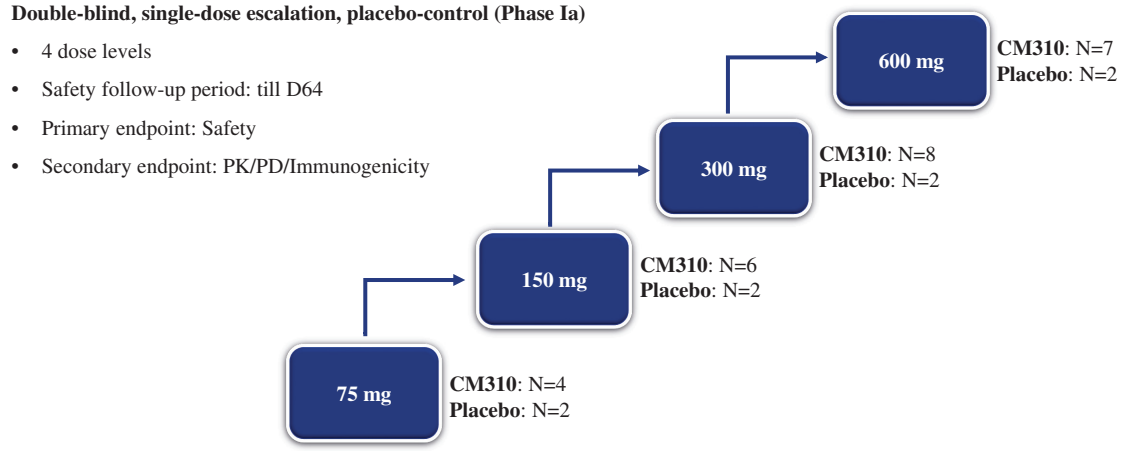
Source: Company data

Summary of Clinical Trial Results

We have completed the Phase Ia trial of CM310 in healthy volunteers and the Phase Ib/IIa trial in patients with moderate-to-severe AD in China. We are currently evaluating CM310 in a Phase IIb trial in patients with moderate-to-severe AD and a Phase II trial in patients with CRSwNP.

Phase Ia clinical trial to evaluate the safety and tolerability of single escalating doses of CM310 in healthy volunteers in China

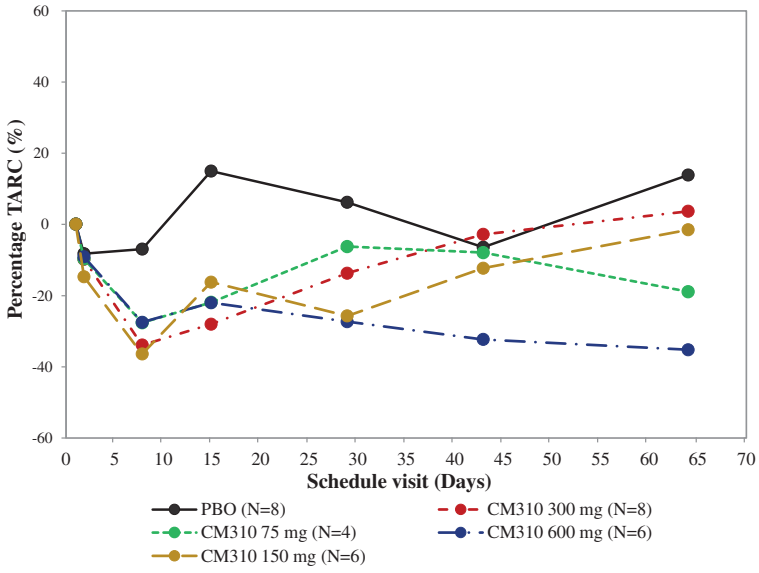
Trial Design: This is a randomized, double-blind, placebo-controlled, ascending single-dose Phase Ia trial in healthy volunteers in China. The primary objective of this trial is to evaluate the safety and tolerability of single escalating doses of CM310 in healthy participants. The secondary objectives are to evaluate the PK, PD (measured by TARC and IgE) and immunogenicity of CM310. The participants were assigned to four groups receiving single subcutaneous (SC) injection of 75 mg, 150 mg, 300 mg and 600 mg, respectively. The figure below illustrates the design of this trial:



Trial Status: This trial has been completed. A total of 33 healthy volunteers were enrolled and 32 participants completed dosing, including 24 in CM310 treatment group and 8 in placebo group.

Safety Results: In this trial, CM310 was safe and well-tolerated in healthy volunteers in the dose range of 75 mg to 600 mg. AEs occurred in 15 of 24 (60%) participants and 5 of 8 (62.5%) participants in CM310 treatment group and placebo group respectively. 3 of 24 (12.5%) participants in CM310 treatment group experienced treatment-related AEs (TRAEs), including one participant in 300 mg group and two in 600 mg group, while 2 of 8 (25.0%) participants in placebo group experienced TRAEs. All AEs are mild and participants have completely recovered from the AEs at the end of the study.

PD: We assessed the PD responses of biomarkers known to be dependent on IL-4 and IL-13 signaling, including TARC and IgE, in this study. As shown in the figure below, decreases in TARC concentration were observed after administration of CM310. There were significant reductions in TARC in all CM310 treatment groups at day 8, and TARC concentrations were reduced by 39.9% and 36.5% from baseline with 150 mg and 300 mg, respectively. In 600 mg group, TARC concentration continued to decline before the protocol-defined end-of-treatment visit (day 64). Similar results were observed in IgE levels.

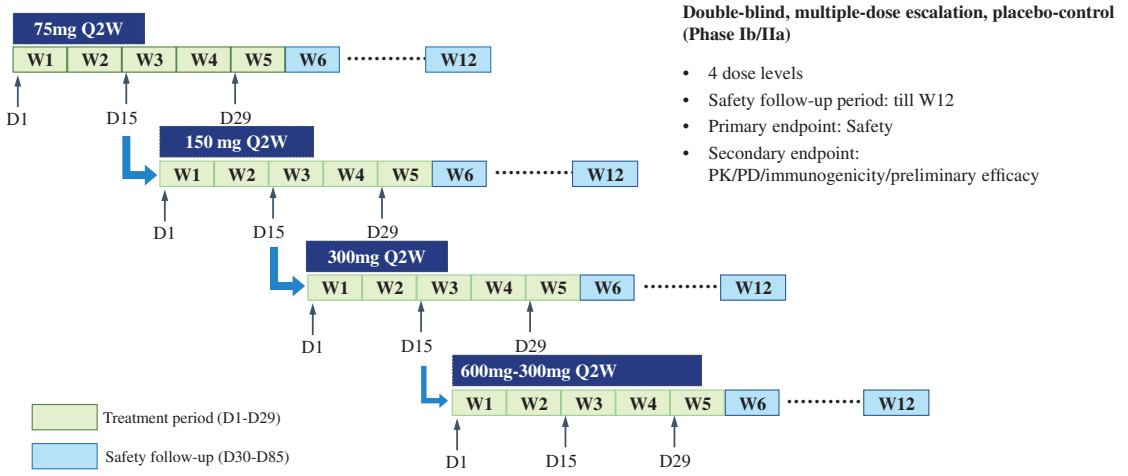


Conclusions: In this trial, CM310 was safe and well-tolerated in healthy volunteers in the dose range of 75 mg to 600 mg. The frequency of AE occurrence was similar between CM310 and placebo. TRAEs were generally mild to moderate in nature and were not dose-dependent. In healthy volunteers, CM310 was shown to reduce concentrations of total TARC and IgE in serum, providing a proof-of-mechanism of its action in inhibiting IL-4Rα signaling. These results suggest potentially good tolerability and quick and prolonged responses of CM310 in human, which warrant further investigations in clinical trials for the treatment of type II allergic diseases, such as AD, CRSwNP and asthma.

Phase Ib/IIa clinical trial in patients with moderate-to-severe AD in China

Trial Design: This is a multi-center, randomized, double-blind, placebo-controlled, dose-finding Phase Ib/IIa trial in patients with moderate-to-severe AD in China, which means an IGA score of 3, 4 or 5 on the 0 to 5 IGA score scale, in which 3 is moderate, 4 is severe and 5 is very severe. This trial enrolled a total of 39 patients with moderate-to-severe AD. At baseline, 36% of patients were IGA 3 and 64% were IGA 4 or 5. The first 3 patients were randomized at the ratio of 2:1 to receive 75 mg CM310 or placebo Q2W for 3 times, and then 36 patients were randomized to three groups to receive 150 mg CM310 or placebo Q2W, 300 mg CM310 or placebo Q2W, and 600 mg loading dose with 300 mg (600-300 mg) or placebo Q2W at the ratio of 3:1. The treatment period lasted for four weeks, followed by eight weeks of follow-up period. The primary objective of this trial is to assess the safety and tolerability

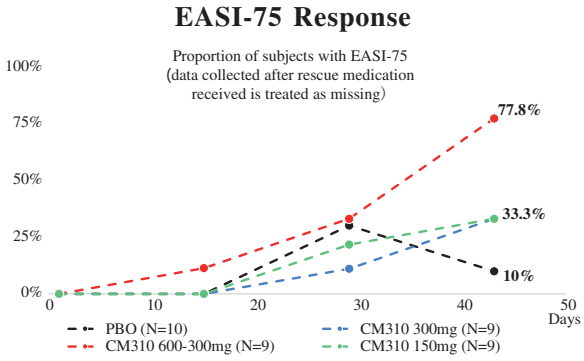
of CM310 in AD patients. Secondary objectives are to evaluate PK, PD, anti-drug antibody (ADA) and preliminary efficacy of CM310 in moderate-to-severe AD patients. The figure below illustrates the design of this trial:

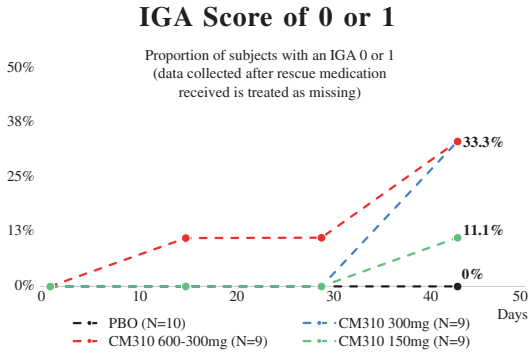


Trial Status: This trial has been completed.

Safety Results: CM310 was safe and well-tolerated in this trial. 9 of 29 (31.0%) patients in CM310 treatment groups experienced TRAEs, and all of the TRAEs were mild or moderate. 1 of 10 (10.0%) patients in placebo group experienced TRAEs.

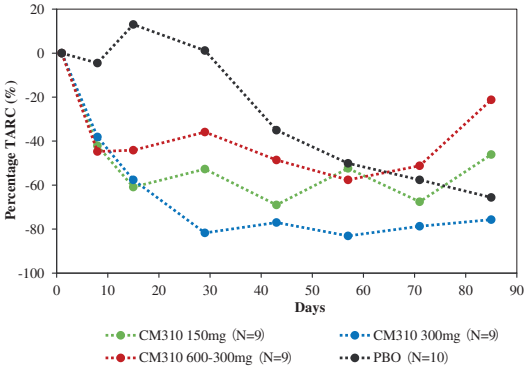
Efficacy Results: All the patients had IGA score of 3 to 5 on a 0-5 scale at baseline, of which 36% were IGA 3 and 64% were IGA 4 or 5. The efficacy of CM310 is measured by the proportion of patients who achieved EASI-75 at day 43, or had an IGA score of 0/1 (clear/almost clear skin) and a reduction of ≥2 points from baseline at day 43. In 600-300 mg, 300 mg and 150 mg groups, 77.8%, 33.3% and 33.3% of patients achieved EASI-75 respectively, compared to 10.0% in placebo group. In addition, 33.3%, 33.3% and 11.1% of patients with 600-300 mg, 300 mg and 150 mg CM310 achieved IGA score of 0/1 and a reduction of ≥2 points from baseline, while none in placebo group achieved IGA score 0/1. The charts below illustrate the EASI-75 and IGA score of 0/1 rate achieved in each treatment group:



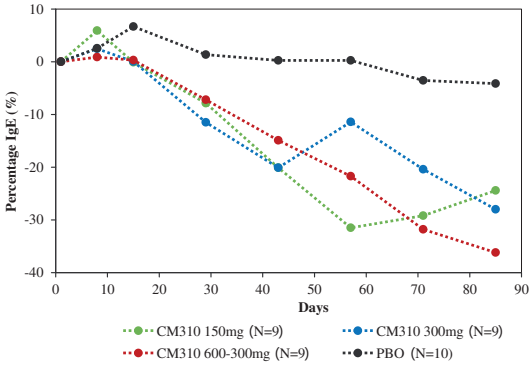


PK/PD: Peak drug concentrations were achieved 3 to 7 days after injection. Systemic exposure (both C_{max} and AUC) of CM310 increased in a greater-than-proportional manner with increasing dose, indicating a nonlinear PK. For bi-weekly regimens, $t_{1/2eff}$ was between 8.2 to 26.5 days. As shown in figures below, TARC and IgE levels decreased faster and more significantly after the administration of CM310 than the placebo.

Percent change of serum TARC from baseline – Median



Percent change of serum IgE from baseline – Median



Conclusion: In this trial, CM310 has demonstrated a strong profile in terms of both efficacy and safety in patients with moderate-to-severe AD. Notably, in the treatment group receiving 600-300 mg CM310 Q2W, 77.8% patients achieved EASI-75 at day 43, as compared to 10.0% of the placebo group. In addition, 33.3% patients in this treatment group achieved IGA score of 0 or 1 and a reduction of ≥2 points from baseline at day 43, as compared to zero in the placebo group. Based on the trial results, we have initiated a Phase IIb trial to further evaluate CM310 in moderate-to-severe AD in China. In addition, administration of CM310 resulted in continuing decreases of IgE and long-lasting effects on TARC levels, which indicates that CM310 could induce a prolonged clinical response in moderate-to-severe AD patients.

Clinical Development Plan

Based on our pre-clinical and early clinical studies, we have designed and initiated a series of clinical trials to evaluate the safety and efficacy of CM310 for the treatment of moderate-to-severe AD and CRSwNP, and expect to further investigate CM310 in patients with other type II allergic diseases, including but not limited to eosinophilic esophagitis, chronic spontaneous urticaria and allergic fungal rhinosinusitis. Clinical development of CM310 for the treatment of respiratory diseases, such as moderate-to-severe asthma and COPD, will be conducted in collaboration with our partner, CSPC. We also expect to initiate the Phase II trial of CM310 in moderate-to-severe asthma. We have obtained the IND approval for a Phase II clinical trial for moderate-to-severe asthma from the NMPA.

- **Moderate-to-severe AD**: We are currently conducting a multi-center, randomized, double-blind and placebo-controlled Phase IIb clinical trial to further evaluate the efficacy of CM310 for the treatment of moderate-to-severe AD in China. A total of 120 patients are expected to be enrolled and randomized at the ratio of 1:1:1 to

receive CM310 600 mg loading dose with 300 Q2W, 300 mg loading dose with 150 mg Q2W, or placebo Q2W. The primary endpoint of this trial is EASI-75. The secondary endpoints include other efficacy measures, such as IGA, EASI-90, EASI-50 and pruritus numerical rating scale (NRS), safety, PK, PD and immunogenicity. We plan to initiate the Phase III trial in AD in the first half of 2022 and submit the NDA to the NMPA in 2023.

- **CRSwNP**: We have initiated a multi-center, randomized, double-blind and placebo-controlled Phase II trial to evaluate CM310 in patients with CRSwNP, and plan to conduct a Phase III trial in CRSwNP in 2022. For the Phase II trial, we plan to enroll a total of 56 patients, who will be randomized at 1:1 to receive CM310 300 mg Q2W or placebo Q2W for 16 weeks. The primary endpoints of the trial are to evaluate the efficacy of CM310 in reducing endoscopic nasal polyp score (NPS) and nasal congestion score (NCS). Secondary endpoints include other efficacy measures, improvement in quality of life, safety, tolerability, PK, PD and immunogenicity.

Licenses, Rights and Obligations

In March 2021, we entered into a collaboration with CSPC to develop and commercialize CM310 for the treatment of moderate and severe asthma, COPD and other respiratory diseases (the "Field") in China (excluding Hong Kong, Macau and Taiwan) (the "Territory"). We retain the exclusive rights to (i) develop and commercialize CM310 for the treatment of indications outside the Field, such as AD and CRS, in the Territory, (ii) develop and commercialize CM310 outside the Territory, and (iii) manufacture CM310 anywhere in the world. For further details, please refer to the paragraph headed "– Collaboration Agreements – Collaboration with CSPC."

Material Communications

For CM310, we obtained (i) IND approvals for Phase I trial and Phase II trial for the treatment of moderate-to-severe asthma in July 2019 and May 2021, respectively, (ii) an umbrella Phase I, II and III trials IND approval for moderate-to-severe AD in November 2019, and (iii) an umbrella Phase II and III trials IND approval for CRSwNP in December 2020 from the NMPA. We will consult with the NMPA and obtain their approval before the initiation of Phase III trials for moderate-to-severe AD, CRSwNP and moderate-to-severe asthma. Based on the IND approval and our ongoing communications with the NMPA, we had not received any relevant regulatory agency's concerns or objections to our clinical development plans as of the Latest Practicable Date. We expect to consult with the NMPA before we initiate the Phase III trials of CM310 for moderate-to-severe AD, CRSwNP and moderate-to-severe asthma. As of the Latest Practicable Date, no material unexpected or adverse changes had occurred since the date of issue of relevant regulatory approvals for CM310.

Cautionary Statement required by Rule 18A.05 of the Listing Rules of the Hong Kong Stock Exchange: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET CM310 SUCCESSFULLY.

CM326, a TSLP antibody

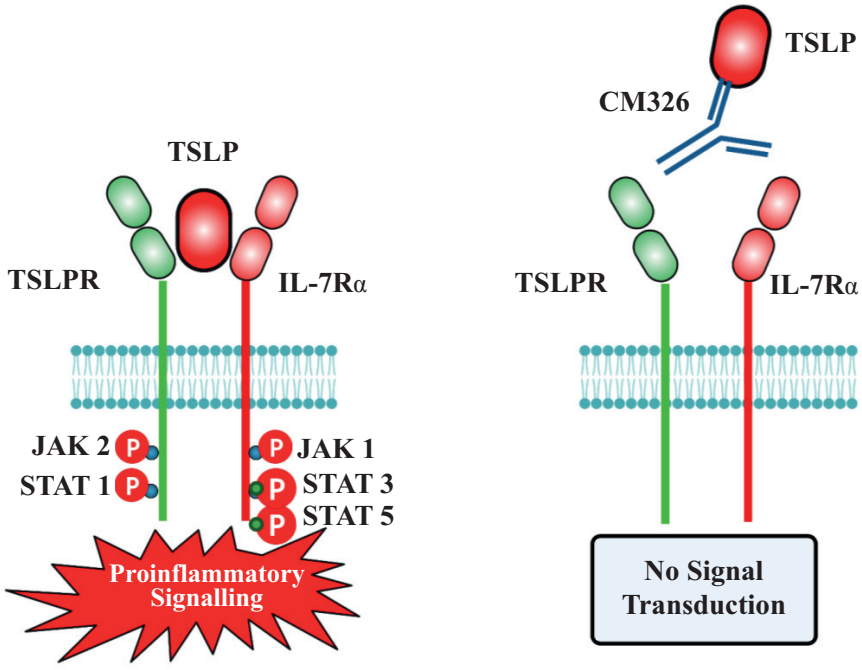
CM326 is a humanized and highly potent monoclonal antibody to thymic stromal lymphopoietin (TSLP) that prevents TSLP from binding to its receptor. It is the first domestically-developed TSLP-targeted antibody in China, and the third in the world, to have received IND approval. CM326 has shown high potency *in vitro* and significant inhibition on T_h2 immune responses in animal asthma model. Clinical studies have shown the treatment of TSLP antibody results in decreased asthma exacerbation rate regardless of baseline blood eosinophil count, suggesting that this therapy may be effective in asthma without an eosinophilic inflammation profile. CM326 has received the IND approval from the NMPA in March 2021 and we have enrolled the first patient in a Phase Ia trial of CM326 in April 2021. We plan to develop CM326 for the treatment of moderate-to-severe asthma and potentially other disorders, such as CRSwNP and COPD.

In March 2021, we obtained an umbrella IND approval for Phase I, II and III trials of CM326 in moderate-to-severe asthma. We initiated the Phase Ia trial in healthy volunteers in January 2021 and enrolled the first patient in April 2021.

Mechanism of Action

TSLP, a key epithelial cell-derived cytokine, is at the top of multiple inflammatory cascades and involved in over-reactive immune response in multiple allergic disorders. TSLP has been demonstrated to have diverse effects in type II inflammation. A critical effect of TSLP appears to be regulation of dendritic cell (DC) function. TSLP initiates intracellular signaling by establishing a complex with its specific receptor, TSLP receptor (TSLPR) and IL-7Rα. TSLP complex induces JAK1/JAK2 phosphorylation and activates STAT1, STAT3 and STAT5 to transduce proinflammatory signals which promotes the maturation and differentiation of DCs and naive CD4+ T cells into allergen-specific CD4 T_h2 cells, and the secretion of IL-4, IL-5 and IL-13. TSLP has also been shown to enhance cytokine production from multiple types of innate immune cells, including innate lymphoid cells (ILCs), mast cells, natural killer T (NKT) cells, and eosinophils, and to promote the development and function of a subset of basophils. Finally, TSLP may have effects on both T_h1 and T_h17 cells, although likely to a much lesser extent than observed effects on T_h2 cells.

The role for TSLP and TSLP-regulated molecular pathways in the pathogenesis of allergic diseases suggest that targeting this pathway may be effective to treat these diseases. CM326 is a highly potent antibody binding to TSLP and blocking its interaction with its receptor. The blockade of TSLP/TSLPR pathway will inhibit the proinflammatory signaling that activates type II immune response and therefore control allergic diseases.



Source: Literature review

Market Opportunities and Competition

Current approved biological drugs, such as antibodies targeting IL-5/IL-5Rα, IL-4Rα and IgE, are being developed and shown to reduce exacerbations and improve symptoms and quality of life in patients with asthma. However, the efficacy of these biologic treatment has shown to be correlated to the levels of certain type II biomarkers, such as blood eosinophil counts and IgE. Approximately 40% of patients with severe asthma are estimated to have low-level or no expression of type II biomarkers and classified as having type II-low or non-type II allergic diseases. For patients without the elevation of those biomarkers, there continues to be important and unmet medical needs.

Based on the published clinical data, asthma patients receiving the treatment of TSLP antibody experienced significantly fewer exacerbations irrespective of their type II biomarker status. Thus, the development of TSLP-targeted biologic treatment may be a promising strategy for addressing the clinical needs of patients with type II-low allergic diseases.

There has not been any TSLP-targeted biologics approved for marketing globally, as of the Latest Practicable Date. In the U.S., Amgen/AstraZeneca's tezepelumab has filed its BLA for severe asthma with the FDA in May 2021. CM326 is the first domestically-developed TSLP antibody to have received IND approval in China. The table below summarizes the status of TSLP-targeted drug candidates in clinical stage globally.

INN/ Drug code	Target	Company	Indication	Status	Initiation Date
Global					
Tezepelumab	TSLP	AstraZeneca/ Amgen	Severe asthma	BLA	2021/5/10
			COPD	Phase II	2019/7/31
			Asthma (children)	Phase I	2020/12/17
CSJ117	TSLP	Novartis	Asthma	Phase II	2020/6/1
China					
Tezepelumab	TSLP	AstraZeneca/ Amgen	Severe asthma	Phase III	2019/7/15
			Severe CRSwNP	Phase III	2021/3/25

Source: Frost & Sullivan analysis

Competitive Advantages

- Potential efficacy in both type II-high and type II-low inflammation

As a key upstream cytokine in multiple inflammatory cascades, TSLP drives eosinophilic (including allergic), neutrophilic and other forms of inflammation. Therefore, targeting TSLP may potentially have a broad effect on autoimmunity and provide effective control over a broad range of immune disorders, including asthma, CRSwNP and COPD. In addition, it may have synergistic or complementary effects with antagonist against type II cytokines, such as CM310.

Eosinophilia, a higher than normal level of eosinophils, is a key feature of some type II allergic diseases and present in approximately 60% of severe asthma cases. Most monoclonal antibodies approved for the treatment of moderate to severe asthma, including Sanofi/Regeneron's Dupixent (dupilumab, an IL-4Rα antibody), Glaxosmithkline's mepolizumab (Nucala, an IL-5 antibody) and AstraZeneca's benralizumab (Fasenra, an IL-5Rα antibody), primarily target the eosinophilic phenotype of asthma (defined by blood eosinophil count ≥300/μl, Feno ≥20 ppb, sputum eosinophils ≥2%). The efficacy of those biologics are found to be correlated to the levels of type II biomarkers. For example, in trials for dupilumab, the greatest reductions in asthma exacerbation (65-68%) and systemic glucocorticoid use (70%) were seen in the subgroup of patients with blood eosinophils greater than 300 cells/μL, dupilumab produced the reductions in annualized rates of exacerbation by 65-68%.

Non-eosinophilic phenotype constitutes the other 40% of severe asthma cases. Non-eosinophilic asthma is characterized by airway inflammation with the low number of eosinophils, subsequent to activation of non-predominant type II immunologic pathways, and therefore is also known as type II-low asthma. In clinic, non-eosinophilic asthma is poorly

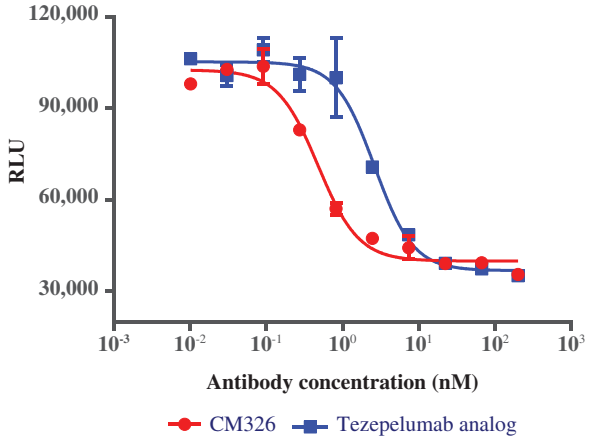
responsive to standard asthma treatments, such as inhaled corticosteroids, as well as current biologic therapies, leading to a dramatic lack of effective treatments and a higher severity of disease. Therefore, non-eosinophilic asthma, presents an urgent therapeutic challenge calling for solution.

According to publicly reported data, tezepelumab, a BLA-filed TSLP antibody, has demonstrated its efficacy in severe uncontrolled asthma irrespective of baseline eosinophil counts. Tezepelumab treatment was shown to be associated with significant reductions in annualized exacerbation rates of up to 71% versus placebo, and significant reductions were observed in different patient phenotypes regardless of their baseline blood eosinophil counts, suggesting that tezepelumab could provide similar efficacy in patients across the spectrum of inflammatory phenotypes. Therefore, CM326, our TSLP monoclonal antibody, has the potential to be an effective treatment to control both eosinophilic and non-eosinophilic asthma.

- Higher potency in preclinical studies

CM326 has demonstrated higher potency and stronger activities compared with the competing compound in our preclinical studies. By targeting TSLP, CM326 can effectively suppress TSLP-induced activation of JAK/STAT pathway and inhibit TSLP-induced cell proliferation and production of pro-inflammatory cytokines. As shown below, the potency of CM326 to inhibit TSLP-induced cell proliferation was approximately 6-fold higher than that of tezepelumab analog (which we internally produced based on public data), although CM326 binds to TSLP with similar affinity to tezepelumab analog.

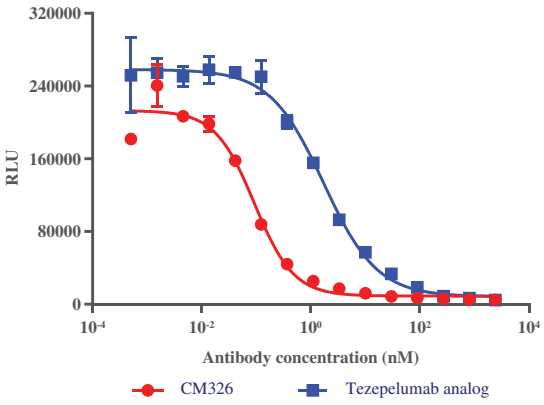
TSLP-induced proliferation



	IC_{50}(nM)
CM326	0.48
Tezepelumab analog	2.63

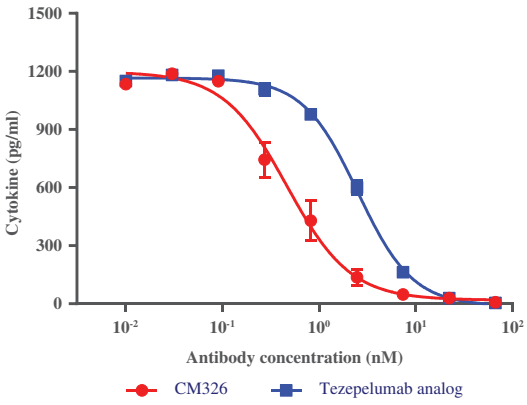
CM326 also showed approximately 20-fold and 5-fold higher potency over tezepelumab analog in blocking TSLP-induced JAK/STAT signaling and T_h2 cytokine release respectively, as shown below.

JAK/STAT signaling inhibition



	IC_{50}(nM)
CM326	0.09
Tezepelumab analog	1.72

TSLP-induced T_h2 cytokine release



	IC_{50}(nM)
CM326	0.47
Tezepelumab analog	2.52

Source: Company data

In monkey models of allergen-induced inflammatory diseases, CM326 treatment resulted in total serum IgE decreases, reduced airway hyperresponsiveness, and reduced the extent of inflammatory cell infiltration and expression of pro-inflammatory cytokines. These results further proved the effects of CM326 on controlling allergic responses *in vivo*.

- Favorable safety profile in toxicity studies

Toxicity studies showed that up to 550 mg/kg CM326 and weekly dosing of up to 300 mg/kg CM326 is well tolerated in cynomolgus monkeys. No abnormalities were observed in monkeys in repeated dose toxicity studies. These results indicate a good safety profile of CM326. In tissue cross-reactivity studies, no obvious off-target binding effects of CM326 were observed in human and monkey tissues, showing its high binding specificity.

Clinical Development Plan

Based on the preclinical PK, PD and safety studies, we initiated the first-in-human study, a Phase Ia dose-escalation trial of CM326 in healthy volunteers in January 2021, and have enrolled the first subject in April 2021.

The Phase Ia trial is designed to be a randomized, double-blinded, placebo-controlled and dose-escalation study in healthy volunteers. We plan to enroll a total of 44 volunteers. These participants will be randomized into five groups, receiving 22-330mg single doses. The primary objective of this trial is to assess the safety of CM326. PK and PD properties as well as immunogenicity will also be assessed.

Licenses, Rights and Obligations

We internally discovered and developed CM326, and maintain the global rights to develop and commercialize this drug candidate.

Material Communications

We obtained the IND approval for Phase I, II and III trials in moderate-to-severe asthma in March 2021. We had not received any relevant regulatory agency's concerns or objections to our clinical development plans as of the Latest Practicable Date. As of the Latest Practicable Date, no material unexpected or adverse changes had occurred since the date of issue of relevant regulatory approvals for CM326.

Cautionary Statement required by Rule 18A.05 of the Listing Rules of the Hong Kong Stock Exchange: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET CM326 SUCCESSFULLY.

CMG901, a Claudin 18.2 ADC

CMG901 is a Claudin 18.2-targeting ADC for the treatment of solid tumors that are not responsive to or progressed on standard of care, especially for gastric and pancreatic cancers. CMG901 consists of a humanized monoclonal antibody targeting Claudin 18.2 (CM311), a cleavable linker and a potent cytotoxic payload (MMAE), a tubulin polymerization inhibitor. By linking an antigen-specific antibody to a cytotoxic payload, the ADC drug can specifically deliver highly potent chemotherapy to tumor cells.

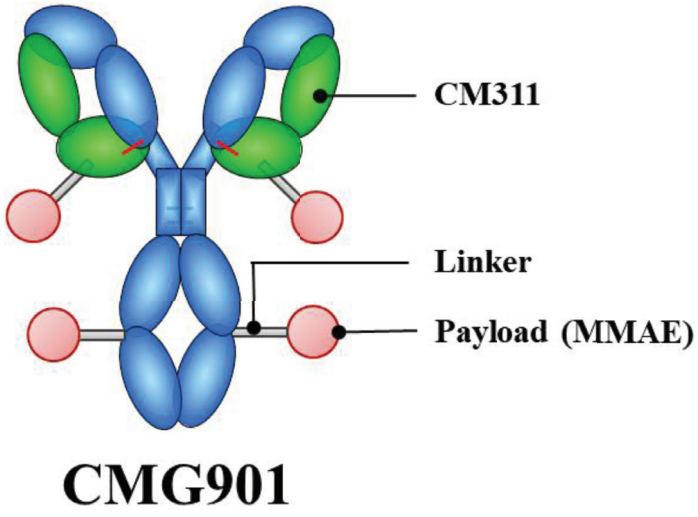
CMG901 is the world's first and the most advanced Claudin 18.2 ADC to enter clinical development. It is currently being evaluated in a Phase I clinical trial in solid tumors in China. As of May 31, 2021, 9 patients had been enrolled in this trial. In addition, we have received the IND approval of CMG901 for a Phase I clinical trial in gastric and GEJ cancers from the FDA. We are collaborating with Lepu Biopharma for the development of CMG901 under our strategic collaboration arrangement. For further details of this collaboration, please refer to "– Collaboration Agreements – Collaboration with Lepu Biopharma."

The table below summarizes the timeline of key R&D milestones of CMG901:

	Solid tumors	Gastric and GEJ cancer
IND Approval	Obtained an IND approval for Phase I trial in China in October 2020	Obtained an IND approval for Phase I trial in the U.S. in March 2021
Phase I Trial	Initiated and enrolled the first patient in the Phase I trial in solid tumors in December 2020	/

Mechanism of Action

ADCs are comprised of three components, a monoclonal antibody, a cytotoxic payload and a linker conjugating the antibody and the payload. By combining the unique targeting capabilities of an antibody with the cancer-killing ability of a cytotoxic payload, ADCs improve the potency and effectiveness of antibody while exhibiting lower side effects compared to traditional chemotherapeutic agents. CMG910 is an ADC drug candidate targeting solid tumors with expression of Claudin 18.2. The structure of CMG901 is illustrated in the diagram below.

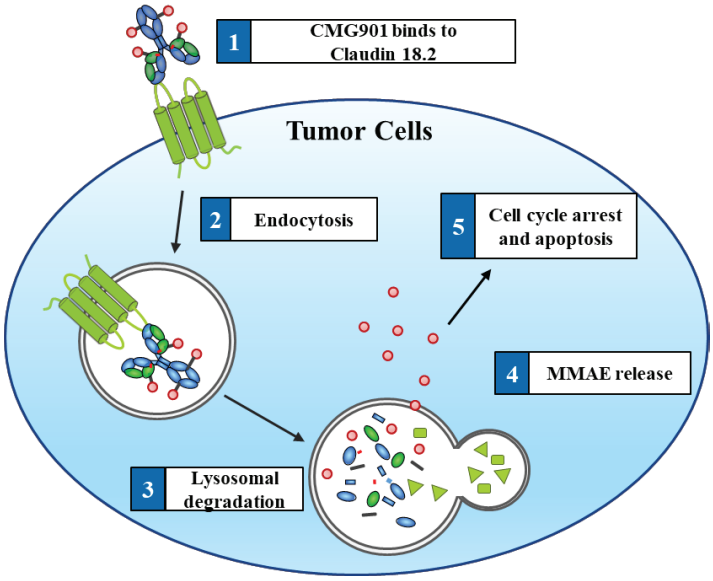


Source: Company data

Claudin 18.2 has been identified as a highly selective molecule that is widely expressed in tumors, including gastric cancer, GEJ adenocarcinoma, pancreatic cancer, esophageal cancer and multiple other solid tumors. Studies have found that Claudin 18.2 is typically buried in gastric mucosa, largely inaccessible in normal tissues, but exposed on the surface of tumor cells and available for antibody targeting. These biological characteristics suggested that Claudin 18.2 is an ideal tumor target for therapeutic development.

CMG901 specifically delivers the cytotoxic payload to Claudin 18.2-positive tumor cells. CMG901 will be internalized by tumor cells upon binding and release the cytotoxic payload, MMAE, inside. MMAE is an antimitotic agent that blocks the polymerization of tubulin and hence causes cell death.

The following diagram illustrates the mechanism of action of CMG901.



Source: Literature review

In addition, the antibody portion of CMG901 (CM311) can stimulate cellular and soluble immune effectors that activate ADCC and CDC. ADCC is a mechanism by which immune cells such as NK cells recognize the antibody bound to the target cells and then destroy the target cells such as tumor cells. CDC is a mechanism by which target cells bound by an antibody recruit and activate the complement system, leading to the subsequent cell lysis.

Market Opportunities and Competition

Gastric cancer is the second most common cancer in China. In 2019, there were 1.1 million new diagnosed cases worldwide, 42.9% of which came from China. The majority of patients with gastric cancer are diagnosed in the advanced stage of the disease, which is largely incurable. With palliative chemotherapy as the current standard treatment for advanced gastric cancer, the five-year survival rate of patients with gastric cancer is only around 35.1% in China.

Pancreatic cancer is the seventh leading cause of cancer deaths globally, with estimated 471,500 new cases and 443,800 deaths in 2019. According to Frost & Sullivan, approximately 108,400 new pancreatic cancer cases and 96,700 deaths occurred in China in 2019. The five-year survival rate of patients with pancreatic cancer is around 7.2% in China.

Targeted therapy and immunotherapy have revolutionized treatment of various cancers in the past decade. However, systemic chemotherapy remains to be the mainstay for the treatment of advanced gastric cancer and pancreatic cancer. Although human epidermal growth factor receptor-2 (HER-2) targeting therapy and PD-1 targeting immunotherapy show responses in specific population with gastric cancer, survival of gastric cancer patients has been dismal, mostly due to disease progression and toxicity related to the treatments. Therefore, it is imperative to search for other targets, particularly molecules only on the tumor but not normal tissues.

Claudin 18.2, as a protein specific for gastric cancer and pancreatic cancer, becomes an ideal target for drug development. According to Frost & Sullivan, Claudin 18.2 is found to be highly expressed in approximately 60%[1] and 50%[2] gastric cancer patients and pancreatic cancer patients, respectively. In addition, approximately 78% of gastric cancer cases are HER2-negative and thus are likely not responsive to HER2 targeting therapies; and 62.8% of HER2-negative GC patients are Claudin 18.2 high expressing.

As of the Latest Practicable Date, there has not been any Claudin 18.2-targeting therapy approved for marketing in China or across the world. CMG901 is the first Claudin 18.2 ADC to have received the IND approval both in China and U.S. For more details on the market opportunities and competitive landscape of this drug candidate, please refer to "Industry Overview – 10. Competitive Landscape of Claudin 18.2 Targeted Therapies for GC."

Competitive Advantages

- Potent tumor cell killing through (i) specific release of cytotoxic agent and (ii) ADCC and CDC

<u>High affinity and specificity for Claudin 18.2</u>

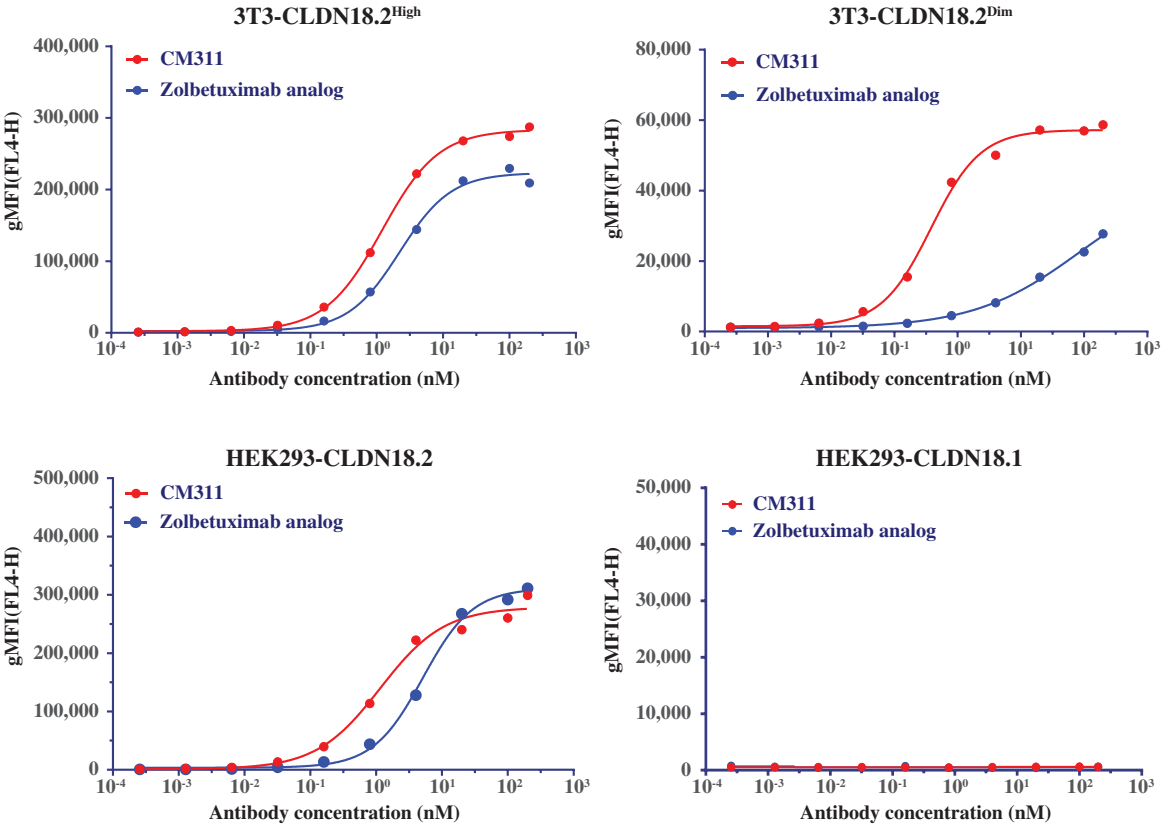
CM311, the antibody component of CMG901, binds to Claudin 18.2 specifically and with high affinity, and it does not bind to closely related splice variant 1 of Claudin 18 (Claudin 18.1). After the payload conjugation, CMG901 shows binding activities to Claudin 18.2 expressing target cells comparable to CM311 alone.

We have conducted studies to measure and compare the binding affinity and specificity of CM311 and zolbetuximab analog for Claudin 18.2 protein *in vitro*. In the Claudin 18.2 high-expression cells (3T3-CLDN18.2^{High} and HEK293-CLDN18.2 cells) as shown in figures below, CM311 binds to the target cells with higher binding activity (EC_{50} = 1.2 nM), compared

1. Source: Targeted and novel therapy in advanced gastric cancer, Selim et al. Exp Hematol Oncol (2019) 8:25.

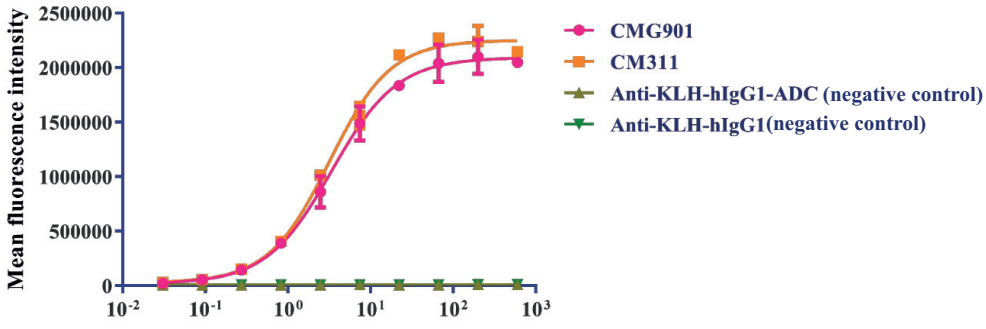
2. Source: Zhang, J., Dong, R., & Shen, L. (2020). Evaluation and reflection on Claudin 18.2 targeting therapy in advanced gastric cancer. Chinese Journal of Cancer Research, 32(2), 263.

to zolbetuximab analog (EC_{50} = 2.2 nM). Most notably, in Claudin 18.2 low-expression cells (3T3-CLDN18.2^{Dim}), CM311 shown much higher binding activity than zolbetuximab analog. CM311 did not bind to cells that express Claudin 18.1 (HEK293-CLDN18.1), indicating its high specificity.



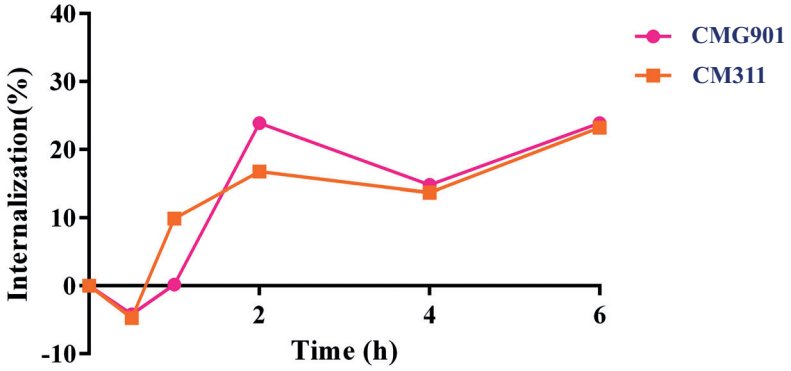
Source: Company data

Moreover, we evaluated the binding activities of CMG901 and CM311 *in vitro*. As illustrated in the figures below, the binding activities of CMG901 and CM311 were comparable (EC50=3.39 nM and 3.18 nM, respectively) in HEK293-CLDN18.2 cells *in vitro*.



Source: Company data

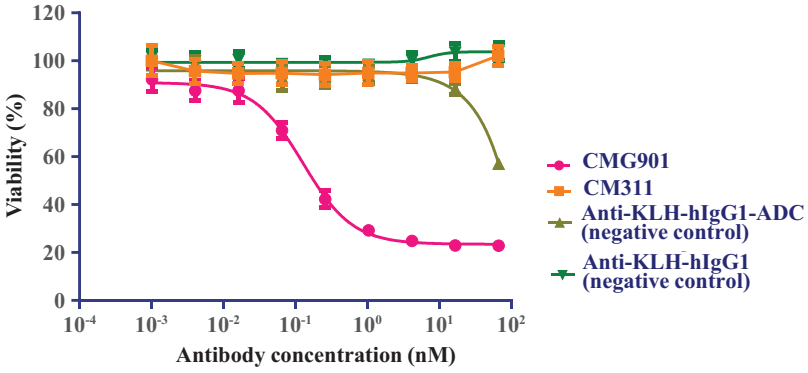
After binding to Claudin 18.2 expressing cells, both CMG901 and CM311 can be internalized into the cells, and the internalization efficiencies are comparable before and after the payload conjugation (see figure below).



Source: Company data

Highly active cytotoxic payload with potential by-stander killing effects

The efficiency of an ADC is largely dependent on the cytotoxic agent. When CMG901 binds to and internalized by a tumor cell, the linker can be cleaved by lysosomes in the intracellular environment to release MMAE, thus inducing tumor cell death. Due to its unique mechanisms of action, CMG901 is significantly more potent than CM311 alone in killing Claudin 18.2-positive tumor cells, as shown in the figure below.



	IC_{50} (nM)
CMG901	0.13

Source: Company data

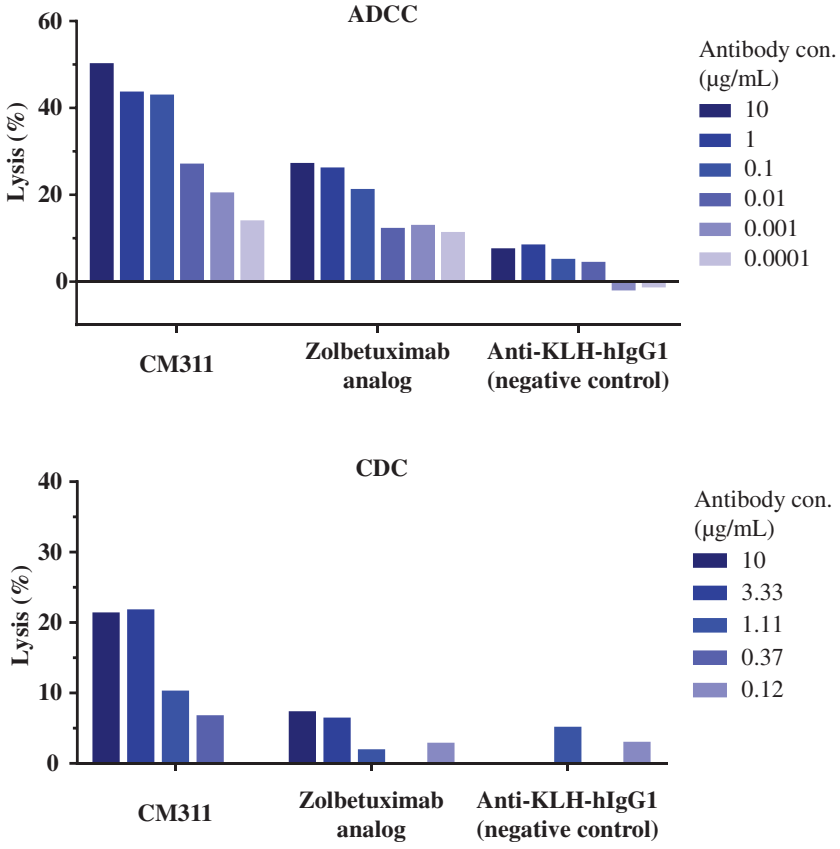
Moreover, MMAE is a membrane permeable toxin that when released inside Claudin 18.2-positive cells can pass the cell membrane and kill other cells that are in close proximity, including neighboring cancer cells that lack antigen expression, which is known as bystander killing effect.

Highly potent ADCC and CDC effects

In vitro studies show CM311 could induce more potent ADCC and CDC activities as compared to zolbetuximab analog. Our studies also show that the ADCC and CDC activities induced by CMG901 are comparable to CM311 alone.

As shown below, CM311-mediated ADCC is highly efficient against Claudin 18.2-expressing tumor cells with killing rate reaching approximately 50%, as compared to 30% with zolbetuximab analog under the same condition.

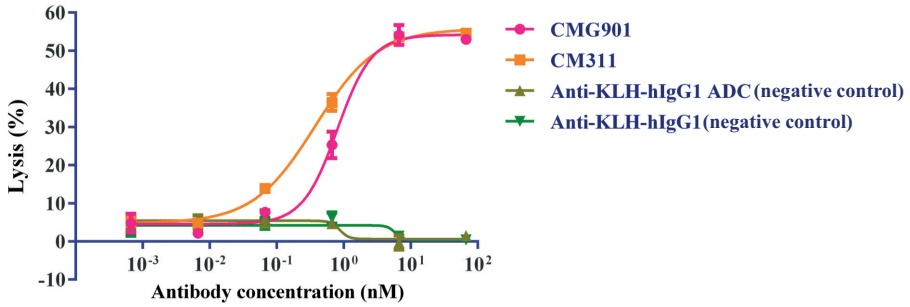
We further assessed CM311-mediated CDC activity. As shown below, CM311 induced higher CDC activity against Claudin 18.2-expressing tumor cells than zolbetuximab analog. In additional studies, it was observed that conjugation of MMAE to CM311 does not adversely affect the ADCC or CDC activity induced by CM311.



Source: Company data

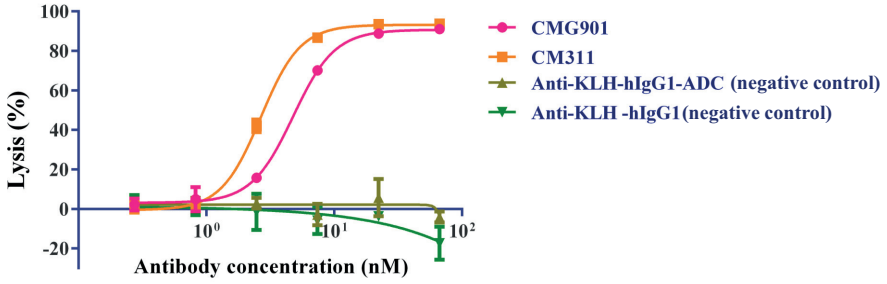
We also assessed the ADCC and CDC activities of CMG901 and CM311 alone in vitro. In our studies, CMG901 and CM311 exhibited comparable ADCC and CDC activities.

ADCC



	IC_{50} (nM)
CMG901	0.80
CM311	0.37

CDC



	IC_{50} (nM)
CMG901	4.77
CM311	2.66

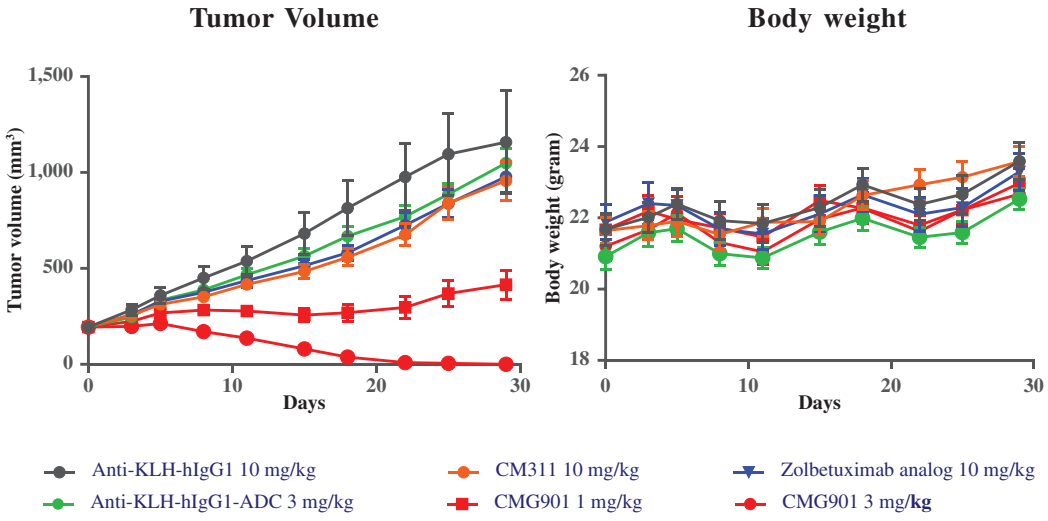
Source: Company data

- High potency in tumor growth inhibition *in vivo*

In the in vivo studies with Claudin 18.2-positive gastric and pancreatic cancer patient-derived xenograft (PDX) models, CMG901 resulted in dose-dependent tumor growth inhibition and regressions. As an ADC, CMG901 can kill tumor cells through targeted release of cytotoxic agents in addition to the ADCC and CDC activities mediated by the antibody. CMG901 is more potent in inhibiting tumor growth than unconjugated Claudin 18.2 antibody, CM311, in tumor model studies in mice.

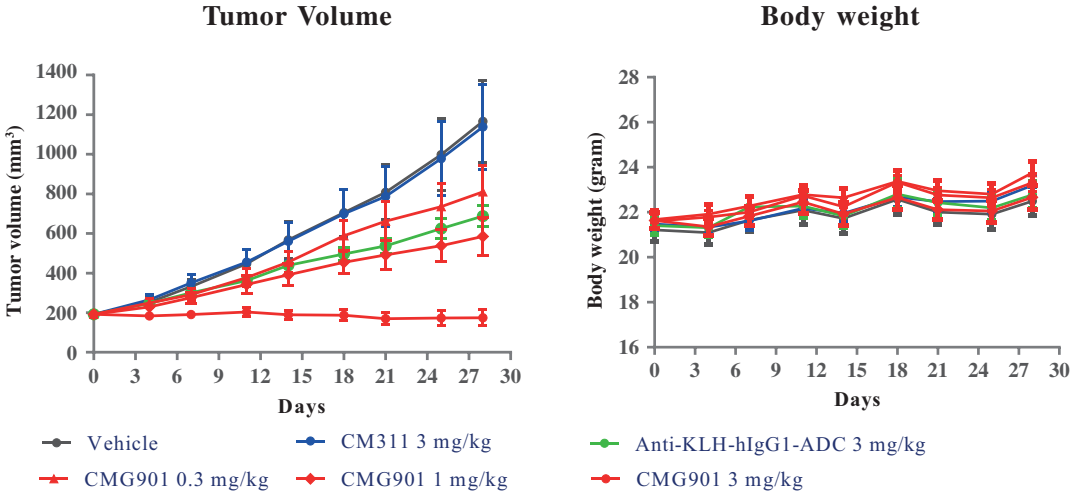
In gastric cancer PDX model as shown in the below, 3 mg/kg of CMG901 led to complete regression of the tumor, while 1 mg/kg of CMG901 resulted in significant tumor growth inhibition of 77%. Notably, CMG901 showed much stronger antitumor effects even at a low dose of 1 mg/kg as compared to 10 mg/kg of zolbetuximab analog or unconjugated antibody CM311.

Gastric Cancer PDX Model



In the pancreatic cancer PDX model, CMG901 also exhibited higher potency than unconjugated antibody CM311. As can been seen in the figure below, CMG901 treatment at 3 mg/kg led to tumor stasis (-9.1% growth), whereas the unconjugated antibody CM311 was not effective at comparable doses. In both studies of the gastric and pancreatic cancer PDX models, no body weight loss was observed, indicating good tolerance.

Pancreatic Cancer PDX Model



Source: Company data

- Favorable tolerability and good safety in toxicity studies

Claudin 18.2 is a cancer-specific antigen that is predominantly expressed in tumor cells and shows little expression in normal tissues. However, publicly reported data showed that Claudin 18.2 antibody has limited clinical efficacy as a single agent. Clinical activity of Claudin 18.2 antibody has been only observed in combination with systemic chemotherapies which are generally associated with severe side effects, rendering the combination therapy intolerable to many patients. By linking an antigen-specific antibody to a cytotoxic payload, CMG901 can specifically deliver highly potent chemotherapy to tumor cells, thus minimizing the toxicity to normal tissues.

CMG901 exhibited favorable tolerability and safety profile in our toxicity studies. CMG901 was well-tolerated up to 6 mg/kg and 10 mg/kg in cynomolgus monkeys and rats, respectively. While the efficacious dose of CMG901 can be as low as 0.3 mg/kg in preclinical pharmacology studies, it may have broad therapeutic window allowing optimal dosing in human. Major toxicity responses of CMG901 are in line with three currently marketed MMAE-based ADCs and were reversible during the recovery period. In addition, no obvious off-target binding effects of CMG901 were observed in tissue cross-reactivity studies.

Clinical Development Plan

We are developing CMG901 for the treatment of gastric cancer, pancreatic cancer and other solid tumors where Claudin 18.2 is highly expressed and aim to explore its potential for accelerated approval. We initiated an open-label, first-in-human Phase I clinical trial in advanced solid tumors in China with first subject enrolled in December 2020. This trial includes a dose-escalation part and a dose-expansion part. The dose-escalation part aims to assess the dose-limiting toxicities (DLT), MTD, PK profile and immunogenicity, and explore preliminary efficacy of CMG901 in solid tumors and its correlation with expression level of Claudin 18.2. We plan to enroll 17 to 42 patients in this part. In the dose-expansion part, the efficacy of CMG901 will be evaluated in patients with Claudin 18.2-positive gastric cancer who failed second-line standard treatment, and patients with pancreatic cancer who failed first-line standard treatment. This part also aims to determine the recommended Phase II dose (RP2D), and assess the PK properties and immunogenicity. We plan to enroll a total of 48 to 80 patients in this part.

As of May 31, 2021, a total of 9 patients had been enrolled in the dose-escalation part. 5 patients treated at the first 3 dose levels have completed the DLT observation period with no DLT event observed, and thus the dose has been escalated to the 4th dose level of 1.8 mg/kg. 4 additional patients have been enrolled for the treatment at the 4th dose level.

In March 2021, we received the IND approval of CMG901 for Phase I clinical trial in gastric and GEJ cancers from the FDA.

Licenses, Rights and Obligations

We internally discovered CM311 and are co-developing CMG901 with Innocube, a subsidiary of Lepu Biopharma, through a strategic collaboration. Our controlled subsidiary, in which we and Innocube own 70% and 30% respectively, owns the global commercial rights to CMG901. For further details, please refer to the paragraph headed "– Collaboration Agreements – Collaboration with Lepu Biopharma."

Material Communications

We obtained the IND approval for Phase I trial of CMG901 in solid tumors from the NMPA in October 2020, and the IND approval for Phase I trial in gastric and GEJ cancers from the FDA in March 2021. We had not received any relevant regulatory agency's concerns or objections to our clinical development plans as of the Latest Practicable Date. As of the Latest Practicable Date, no material unexpected or adverse changes had occurred since the date of issue of relevant regulatory approval for CMG901.

Cautionary Statement required by Rule 18A.05 of the Listing Rules of the Hong Kong Stock Exchange: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET CMG901 SUCCESSFULLY.

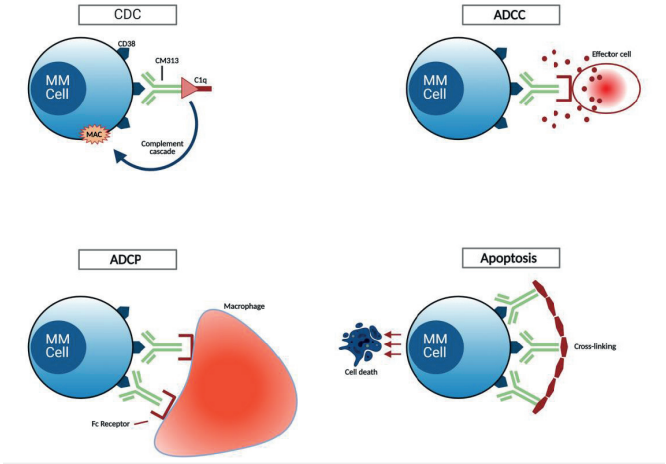
CM313, a CD38 antibody

CM313 is a humanized monoclonal antibody that targets CD38. CM313 is the first domestically-developed CD38 antibody with IND approval by the NMPA in China. Given the encouraging efficacy in pre-clinical studies, we believe CM313 has the potential to become an innovative treatment option for RRMM, lymphoma and other hematological malignancies. We have obtained the IND approval for CM313 from the NMPA in November 2020. We have initiated a multi-center, open-label, Phase I clinical trial in China to evaluate the safety, tolerability, PK, immunogenicity, and preliminary efficacy of CM313 monotherapy in hematological malignancies including RRMM and lymphoma.

Mechanism of Action

CD38 is involved in the regulation of migration, receptor-mediated adhesion by interaction with CD31 or hyaluronic acid. Furthermore, CD38 also has ectoenzymatic activity in the generation of nucleotide metabolites, and plays a role in the control of multiple cell functions. CD38 is expressed at relatively low levels on normal myeloid and lymphoid cells and in some non-hematopoietic tissues, while at high levels on normal plasma cells and multiple myeloma cells, suggesting its potential as a promising tumor target to treat hematological malignancies, especially multiple myeloma.

CM313 can bind to CD38 with high affinity on the surface of target cells and kill a variety of CD38-positive hematological tumor cells through mechanism including ADCC, CDC, ADCP, and apoptosis. CM313 also has the function of inhibiting CD38 extracellular enzyme activity. The following figures illustrate the mechanism for CM313:



Source: Journal of hematology & oncology

Competitive Landscape

As of the Latest Practicable Date, there were two CD38 antibody drugs approved by the FDA for the treatment of multiple myeloma: Janssen's daratumumab (Darzalex) and Sanofi's isatuximab (Sarclisa). Daratumumab was also approved for the treatment of RRMM in China in 2019. The following table sets forth the details of CD38 antibodies in clinical development in China as of the Latest Practicable Date:

Drug Code/INN	Company	Indications	Status	First Posted Date
CM313	**Keymed Biosciences**	**Hematological malignancies including RRMM and lymphoma**	**Phase I**	**2021/3/15**
Daratumumab	Janssen	Relapsed or refractory natural killer/T-Cell lymphoma	Phase II (completed)	2017/11/15
		AL amyloidosis	Phase III	2018/12/5
Isatuximab	Sanofi	Multiple myeloma	Phase III	2018/9/27
TJ202	I-MAB Biopharma	Relapsed/recurrent multiple myeloma	Phase III	2019/12/19

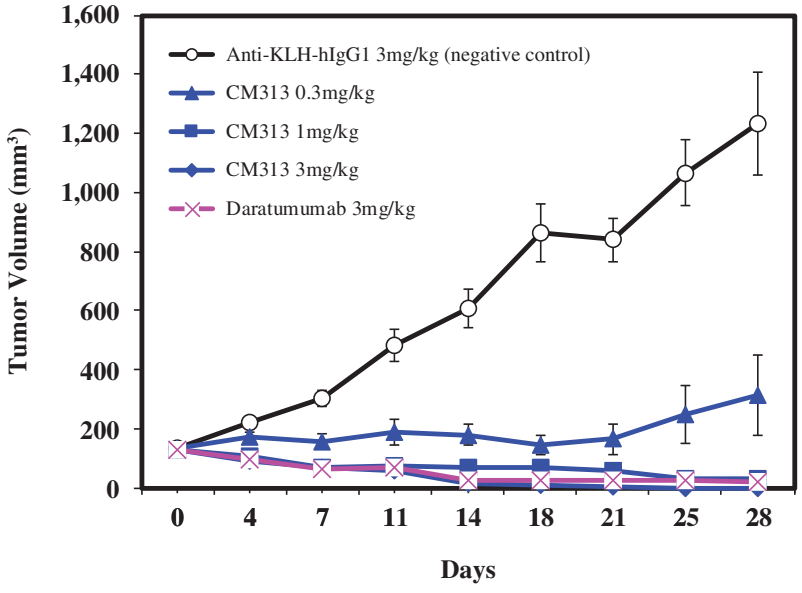
Source: Clinicaltrials.gov, Chinadrugtrials.org.cn

Competitive Advantages

- High affinity and strong anti-tumor effects

CM313 is a potent CD38 antibody with strong ADCC, CDC, ADCP, apoptosis activity and also modulates CD38 enzymatic activity. In a Daudi-Burkitt's lymphoma CDX model, CM313 demonstrated stronger anti-tumor activity (TGI rate of 200% at 3 mg/kg) than daratumumab (TGI rate of 186% at 3 mg/kg).

Daudi-Burkitt's lymphoma CDX model



Source: Company data

- Good safety profile in toxicity studies

In toxicity studies, CM313 demonstrated itself as a highly specific CD38 antibody with limited off-target activity. CM313 did not lead to erythrocyte aggregation, lysis of human red blood cells, or significant cytokine release. Furthermore, in the repeated dose toxicity study of CM313 in cynomolgus monkeys, no obvious abnormality was observed under the maximum feasible dose of 206 mg/kg.

Clinical Development Plan

We have obtained the IND approval for CM313 from the NMPA in November 2020. We have initiated a multi-center, open-label, Phase I clinical trial in China to evaluate the safety, tolerability, PK, immunogenicity, and preliminary efficacy of CM313 monotherapy in hematological malignancies including RRMM and lymphoma.

This trial consists of a dose-escalation and a dose-expansion part. In the dose-escalation part, we plan to recruit a total of 19 to 54 patients depending on the safety and tolerability. Patients will enroll in a total of 9 cohorts to receive CM313 at dose levels of 0.006mg/kg, 0.06mg/kg, 0.3mg/kg, 1.0mg/kg, 2.0mg/kg, 4.0mg/kg, 8.0mg/kg, 16mg/kg and 24mg/kg. Patients in each cohort will receive a total of 7 infusions of CM313. Patients will receive an initial dose of CM313, followed by a 21-day DLT observation period, and then receive the subsequent 6 infusions of CM313 at weekly intervals, leading to a total treatment period of 9 weeks. In the dose expansion part, we plan to enroll a total of 33 patients in two cohorts. In cohort 1, we plan to enroll 3 RRMM patients to receive CM313 in combination with dexamethasone (40mg QW), until disease progression or intolerable toxicity. In cohort 2, we plan to enroll 10 RRMM patients and 20 treatment-naive multiple myeloma patients to receive CM313 in combination with dexamethasone (40mg QW) and lenalidomide (25mg QD for 21 days) with a treatment cycle of 28 days, until disease progression or intolerable toxicity. In both cohorts, patients will receive CM313 at a dose level determined in the dose-escalation part with the same schedule as mentioned above.

The primary endpoints are the evaluation of safety and tolerability profile in dose-escalation part and efficacy in dose-expansion part. The secondary endpoints include PK, immunogenicity and efficacy evaluation.

The first subject in dose-escalation part has been enrolled in April, 2021.

Licenses, Rights and Obligations

We internally discovered and developed CM313, and maintain the global rights to develop and commercialize this drug candidate.

Material Communications

We had not received any relevant regulatory agency's objections to our clinical development plans as of the Latest Practicable Date.

Cautionary Statement required by Rule 18A.05 of the Listing Rules of the Hong Kong Stock Exchange: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET CM313 SUCCESSFULLY.

MIL95/CM312, a CD47 antibody

MIL95/CM312 is a humanized monoclonal antibody targeting CD47. In recent years, CD47 has emerged as one of the most promising immunotherapy targets. MIL95/CM312 is designed to interfere with recognition of CD47 by the signal-regulatory protein α (SIRPα) receptor on macrophages, thereby blocking the "don't eat me" signal used by cancer cells to avoid the ingestion by macrophages. Blockade of this pathway by a CD47 antibody represents one of the most effective tumor killing mechanisms. Leveraging our powerful antibody discovery platforms, we discovered MIL95/CM312 with well-characterized antibody structure,

high binding affinity, strong blocking activity on CD47 and SIRPα interaction, and potent anti-tumor activity. Moreover, MIL95/CM312 did not induce erythrocyte agglutination, suggesting favorable safety profile.

We are currently developing MIL95/CM312 with Mabworks. Mabworks and we co-filed an IND application and received the IND approval for MIL95/CM312 from the NMPA in May 2020 for the treatment of lymphoma and advanced solid tumors. A Phase I clinical trial of MIL95/CM312 in China is currently ongoing.

Competitive Landscape

As of the Latest Practicable Date, there has not been any approved CD47 antibody globally, and a total of eight CD47 antibodies were in clinical development globally. The following table sets forth the details of CD47 antibodies in clinical development in China as of the Latest Practicable Date.

Drug Code	Company	Indication	Status	First Posted Date
MIL95/CM312	**Keymed Biosciences/ Mabworks**	**Lymphoma and advanced solid tumors**	**Phase I**	**2020/11/27**
IBI188	Innovent	Myelodysplastic syndromes	Phase Ib/III	2020/07/23
		AML	Phase Ib/II	2020/07/30
		Advanced malignant tumors	Phase I	2018/11/12
IBI322	Innovent	Advanced malignant tumors	Phase I	2020/03/30
		Advanced hematological tumors	Phase I	2021/03/19
TJ011133	I-Mab	AML or MDS	Phase I/IIa	2021/03/29
		CD20 positive lymphoma	Phase I	2021/03/18
IMM01	ImmuneOnco Biopharma	Recurring or recurring lymphoma	Phase I	2019/08/20
IMM0306		Lymphoma, non-Hodgkin B-cell lymphoma	Phase I	2020/03/23

Source: Clinicaltrials.gov, Chinadrugtrials.org.cn

Clinical Development Plan

Mabworks and we received the IND approval for MIL95/CM312 from the NMPA in May 2020 for the treatment of lymphoma and advanced solid tumors. A Phase I clinical trial of MIL95/CM312 is currently ongoing in China. This is a single-arm, open-label Phase I clinical study to evaluate MIL95/CM312 monotherapy in the treatment of lymphoma and advanced solid tumors. Primary endpoint included safety, and second endpoints included PK, efficacy and immunogenicity.

Licenses, Rights and Obligations

We collaborate with Mabworks for the development of MIL95/CM312. With respect to costs incurred in clinical studies as well as revenue generated from the sales of MIL95/CM312 in the future, each of us and Mabworks shall share 49% and 51% of the costs/revenue in China, respectively. For details, please refer to the paragraphs headed "– Collaboration Agreements – Collaboration with Mabworks" in this section.

Cautionary Statement required by Rule 18A.05 of the Listing Rules of the Hong Kong Stock Exchange: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET MIL95/CM312 SUCCESSFULLY.

Selected IND-Enabling and Preclinical-Stage Drug Candidates

CM338, a MASP-2 antibody

CM338 is a humanized, highly potent antagonist antibody against mannose-binding lectin-associated serine protease-2 (MASP-2). As of the Latest Practicable Date, there was no MASP-2 antibody approved globally. Omeros's narsoplimab is currently the most advanced MASP-2 antibody candidate in multiple clinical trials in aHUS, IgA Nephropathy, Lupus Nephritis, Membranous Nephropathy, C3 Glomerulopathy and COVID-19. Narsoplimab has filed a BLA for HSCT-TMA with the FDA.

Our preclinical study demonstrated that CM338 binds to MASP-2 with much higher affinity than narsoplimab analog, and it inhibits complement activation of lectin pathway with more than 50-fold potent than narsoplimab analog. The safety of CM338 is being evaluated in cynomolgus monkeys and rats, and no abnormalities were observed so far. These favorable preclinical results warranted further evaluation of CM338 in clinical studies. We plan to file an IND application of CM338 for IgA nephropathy with the NMPA in 2021.

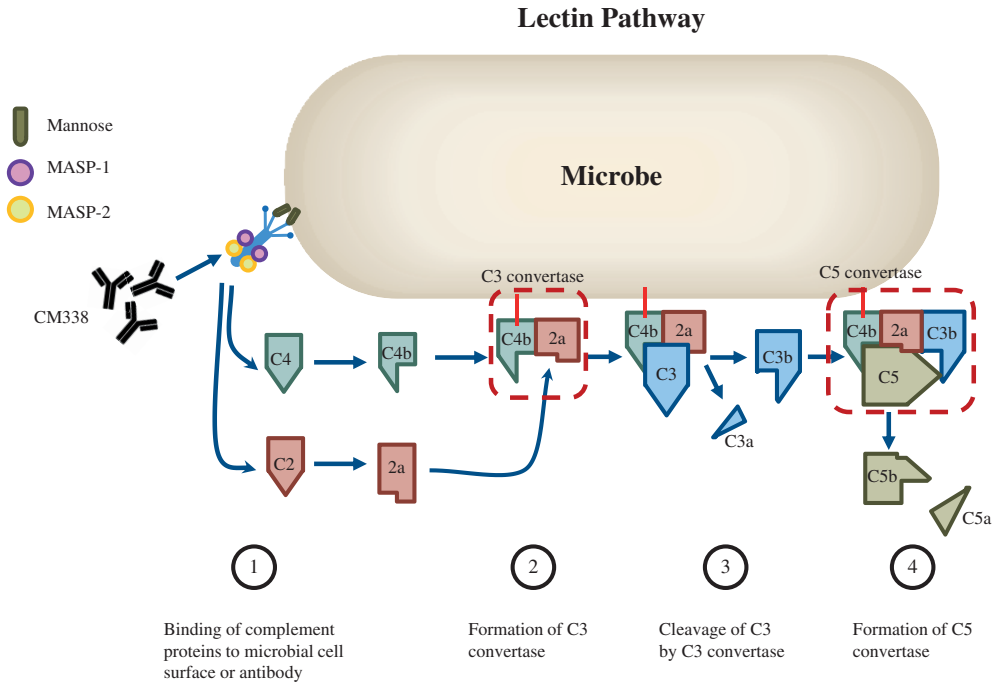
We internally discovered and developed CM338, and maintain the global rights to develop and commercialize this drug candidate.

Mechanism of Action

MASP-2 is an effector enzyme and key mediator of the lectin pathway. This is one of the three principal pathways that activate complement system, which is critical modulator of both innate and adaptive immunity. Uncontrolled activation of lectin pathway plays a pathogenic role in complement-mediated diseases, such as IgA nephropathy, lupus nephritis, complement 3 glomerulophathy (C3G) and atypical hemolytic uremic syndrome (aHUS). These complement-mediated diseases with devastating impact on people's lives with very limited treatment options.

CM338 is a MASP-2 antagonist and can effectively inhibit its enzymatic activity required for the generation of C3 convertase of C4b2a complex. Inhibition of enzymatic activity of MASP-2 can effectively block lectin pathway activation without interfering classical complement pathways, which makes it an attractive therapeutic approach to prevent and treat multiple complement-mediated diseases while leaving intact the respective functions of the other pathways of innate immunity.

The diagram below shows the mechanism of action of lectin pathway interfered with CM338:

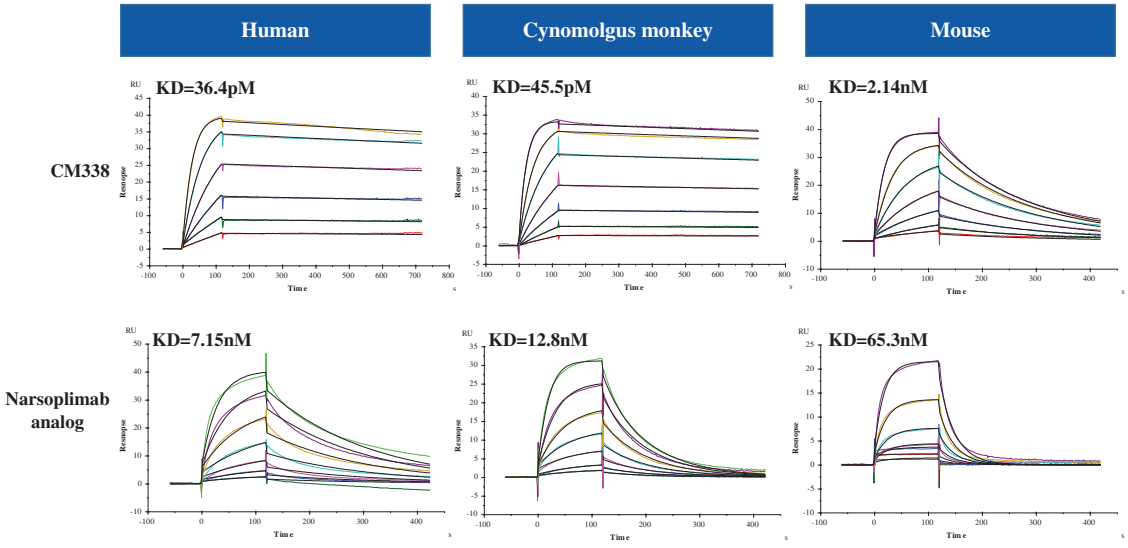


Source: Literature review, Frost & Sullivan analysis

Competitive Advantages

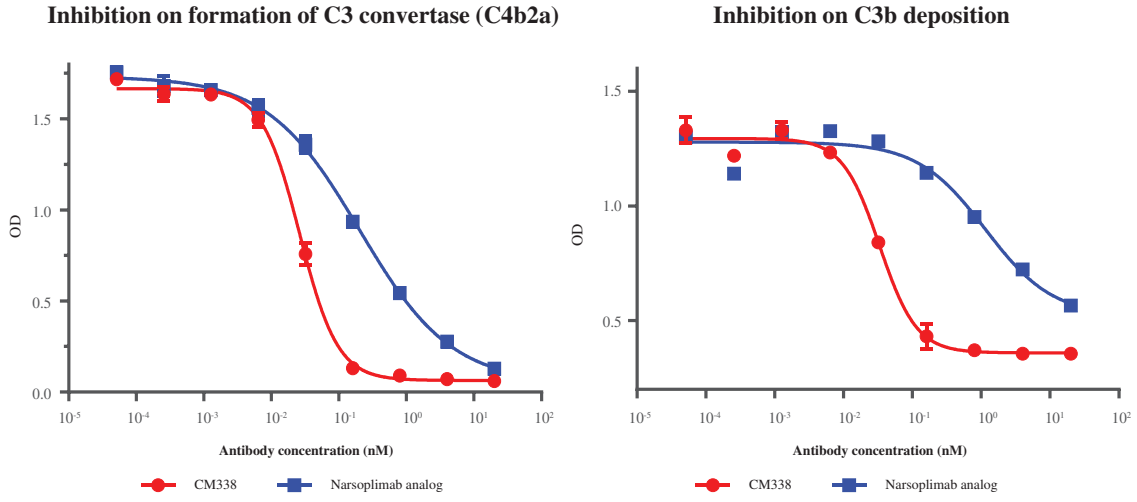
- Higher binding to MASP-2 with strong potency

Our preclinical study demonstrated that CM338 binds to MASP-2 across species with much higher binding affinity than narsoplimab analog (36.4 pM vs. 7.15 nM to human MASP-2), as illustrated by the figures below. This renders our CM338 advantageous over narsoplimab analog in that we could evaluate CM338 in different animal species for pharmacology, PK and toxicity.



Source: Company data

As shown below, in comparison with narsoplimab analog, CM338 is more than 50-fold potent in inhibiting the activation of the lectin pathway.



	IC_{50}(nM)	
	C4b2a	C3b
CM338	0.026	0.033
Narsoplimab analog	0.202	1.151

Source: Company data

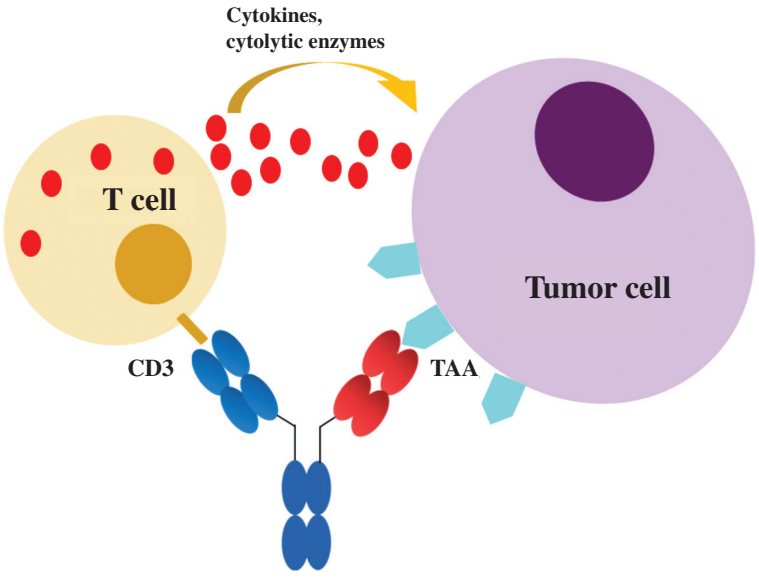
- Excellent safety profile

The safety of CM338 is being evaluated in cynomolgus monkeys. CM338 was well tolerated in cynomolgus monkeys, showing an excellent safety profile. No severe adverse effects were observed so far. Similar safety profile was also observed in toxicity study in rats.

Cautionary Statement required by Rule 18A.05 of the Listing Rules of the Hong Kong Stock Exchange: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET CM338 SUCCESSFULLY.

Bi-specific antibodies (CM355, CM336, CM350)

In recent years, T cell engaging bispecific antibodies attract particular interest of scientific and clinical research as a promising immunotherapeutic approach for the treatment of non-immunogenic tumors. We are applying our proprietary nTCE platform to develop bispecific antibodies with maximal T cell-mediated tumor cell killing effects and minimal cytokine release syndrome. The following figure illustrates the mechanism of T cell engaging bispecific antibodies.



Source: Frost & Sullivan analysis

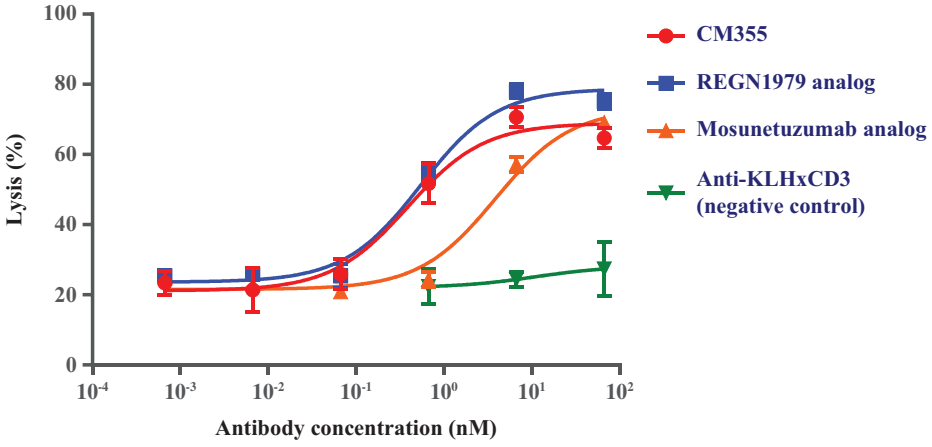
The leading assets of our bispecific antibody portfolio are CM355, CM336 and CM350 in IND-enabling studies.

CM355, a CD20xCD3 bispecific antibody

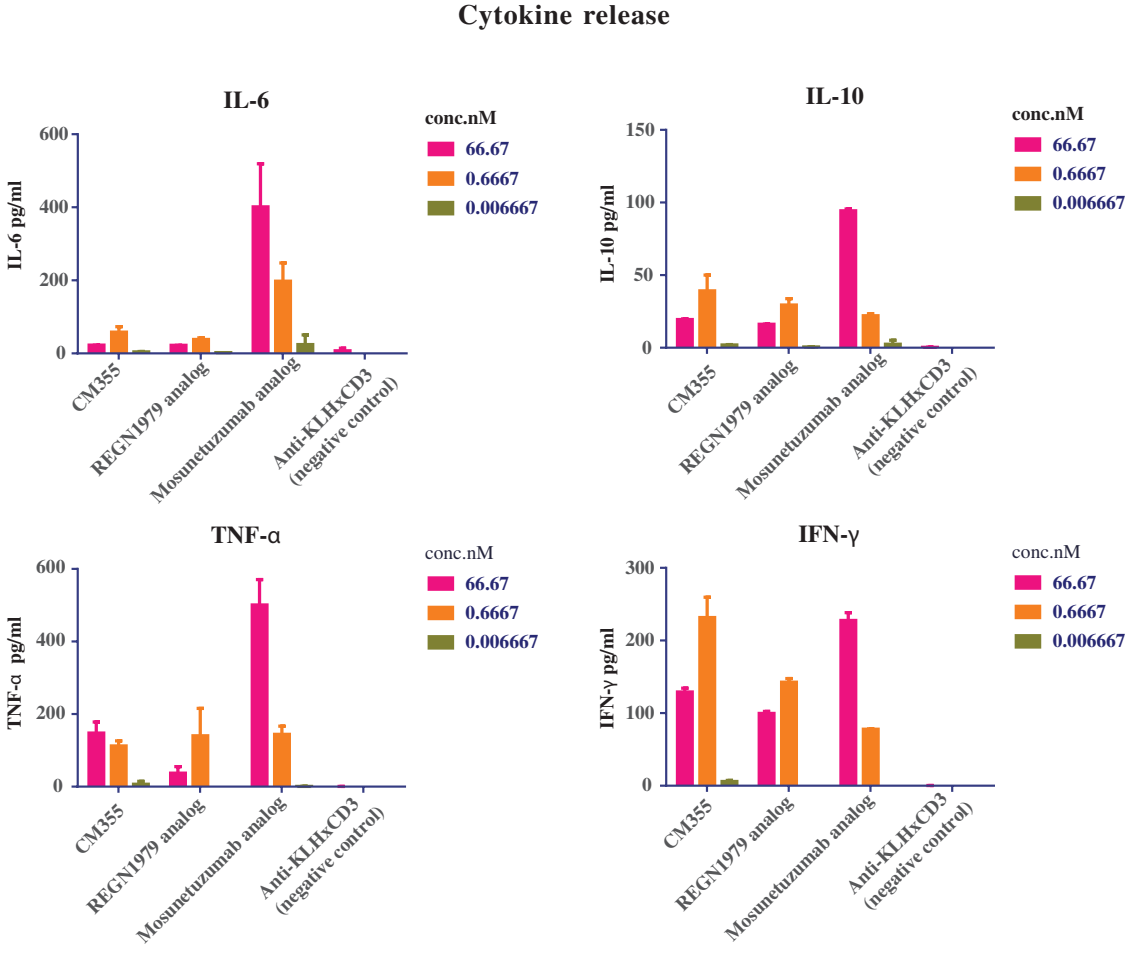
CM355 is a CD20xCD3 bispecific antibody for the treatment of relapsed or refractory non-Hodgkin's lymphoma (NHL). CM355 is designed to target CD20 on the surface of B cells and CD3 on the surface of T cells. The dual targeting of CD20 and CD3 activates and redirects T cells to eliminate target B cells.

In preclinical studies, CM355 showed stronger T cell-dependent cytotoxicity (TDCC) activities with comparable or less cytokine release as compared to analogs to its leading competitors (REGN1979 and mosunetuzumab), as demonstrated by the figures below.

TDCC assay



	CM355	REGN1979 analog	Mosunetuzumab analog
EC_{50}(nM)	0.389	0.543	3.858



Source: Company data

We collaborate with InnoCare for the development of CM355. For more details, please refer to the paragraphs headed "Collaboration Agreements – Collaboration with InnoCare" in this section.

CM355 is being evaluated in IND-enabling studies. We plan to file an IND application with the NMPA in 2021.

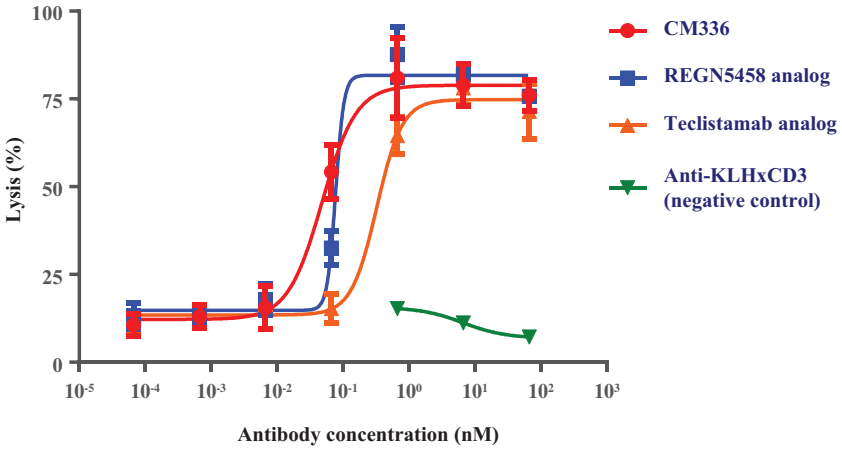
Cautionary Statement required by Rule 18A.05 of the Listing Rules of the Hong Kong Stock Exchange: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET CM355 SUCCESSFULLY.

CM336, a BCMAxCD3 bispecific antibody

CM336 is a BCMAxCD3 bispecific antibody for treatment of multiple myeloma. BCMA is an attractive target for multiple myeloma immunotherapy due to its high expression on malignant plasma cells in multiple myeloma patients and normal expression restricted to plasma cells in healthy individuals. CM336 is designed to target BCMA on BCMA-positive tumor cells and the CD3 receptor on the surface of T cells, bridging them together and activating T cells to kill the cancer cells.

In preclinical studies, CM336 shows high affinity for BCMA and potent anti-tumor activity against multiple myeloma cell lines, which was comparable with its competitor Regeneron's REGN5458 analog and much better than Janssen's teclistamab analog.

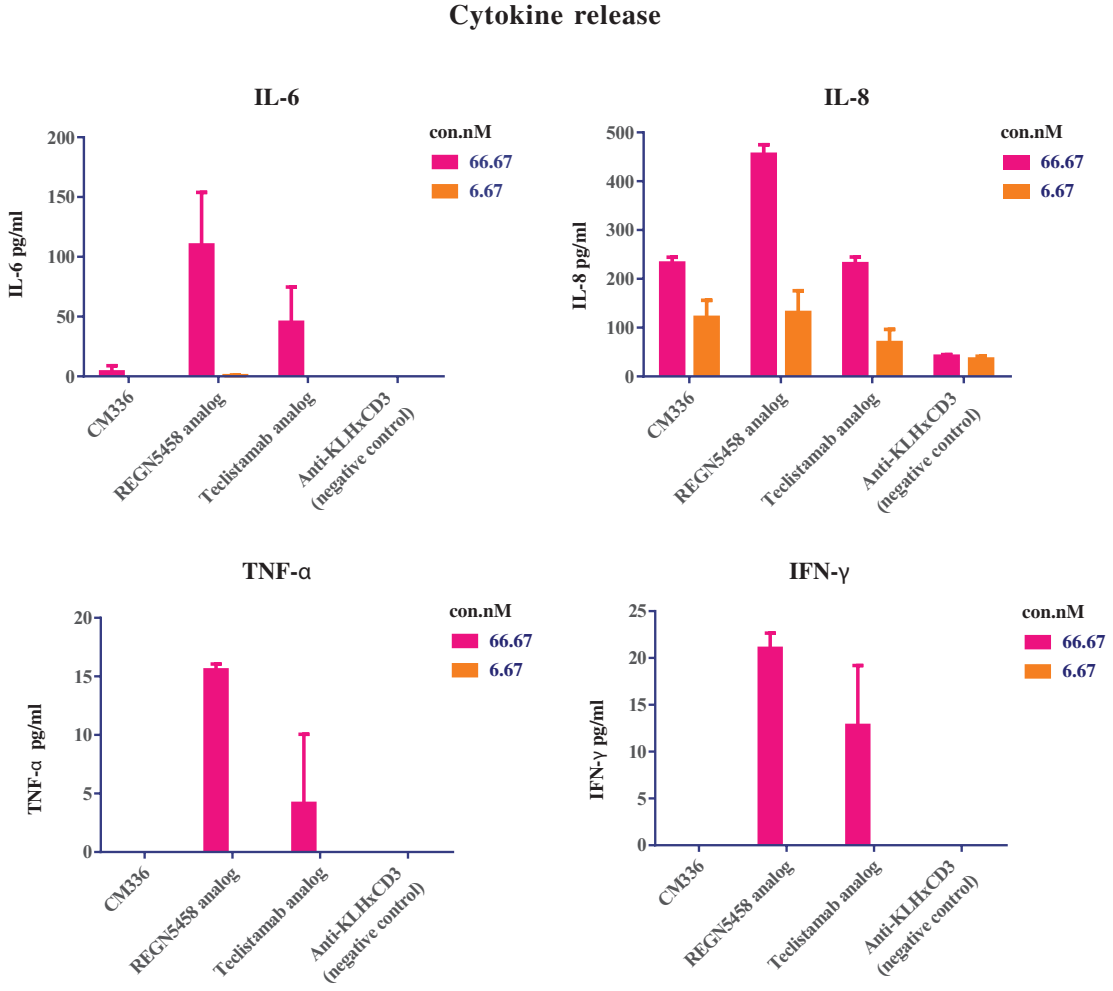
TDCC assay



	CM336	REGN5458 analog	Teclistamab analog
EC_{50} (nM)	0.048	0.077	0.325

Source: Company data

In the cytokine release assay with whole blood, CM336 led to minimal cytokine release, while both REGN5458 analog and teclistamab analog induced stronger cytokine release, suggesting favorable safety profile of CM336 as compared to these leading competitor analog.



Source: Company data

We internally discovered and developed CM336, and maintain the global rights to develop and commercialize this drug candidate.

We are currently conducting additional IND-enabling studies of CM336 and plan to file an IND application with the NMPA in 2021.

Cautionary Statement required by Rule 18A.05 of the Listing Rules of the Hong Kong Stock Exchange: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET CM336 SUCCESSFULLY.

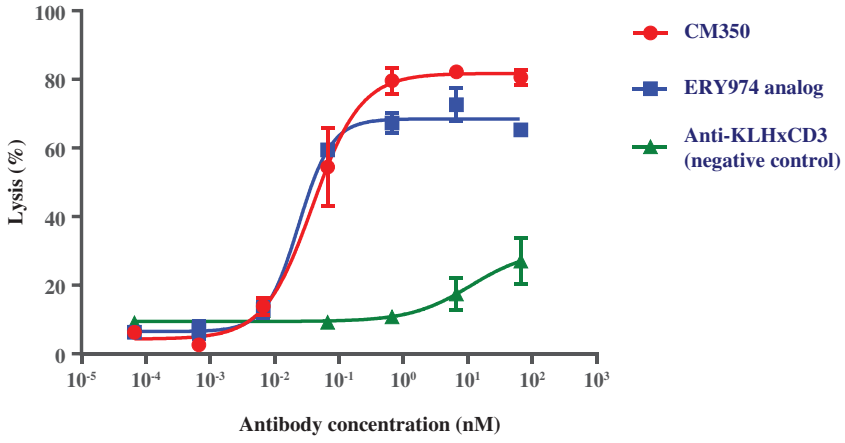
CM350, a GPC3xCD3 bispecific antibody

CM350 is a GPC3xCD3 bispecific antibody for the treatment of solid tumors, especially for hepatocellular carcinoma (HCC). CM350 is designed to target GPC3 on GPC3-positive tumor cells and the CD3 receptor on the surface of T cells, bridging them together and activating T cells to kill the cancer cells. The dual targeting of GPC3 and CD3 activates and redirects T cells to engage and eliminate target tumor cells.

GPC3 is over-expressed in HCC, lung cancer and gastric cancer, while it is rarely expressed in normal tissues. Targeting GPC3 is a promising therapeutic strategy to treat solid tumors, especially HCC.

In pre-clinical studies, CM350 induced potent tumor cell lysis by TDCC at a dose level starting from 0.01nM, and led to 80% lysis at 1nM, which is better than Chugai/Roche's ERY974 analog (a GPC3xCD3 bispecific antibody).

TDCC assay

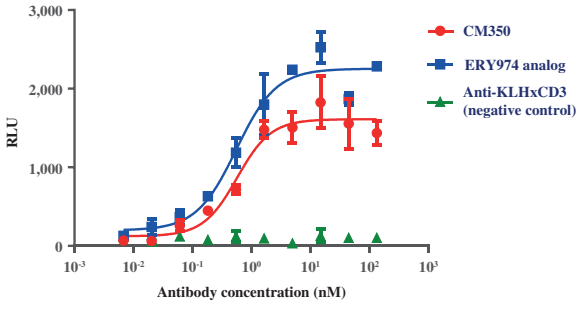


	CM350	ERY974 analog
EC_{50}(nM)	0.039	0.024

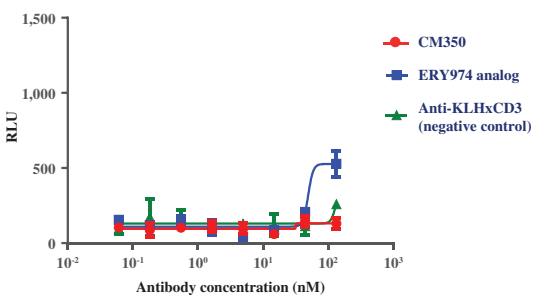
Source: Company data

In addition, CM350 induced stronger TDCC as compared to ERY974 analog as shown below (left panel). In the meantime, CM350 demonstrated minimal off-target T-cell activation as shown below (right panel).

NFAT signal activation (with target cells)



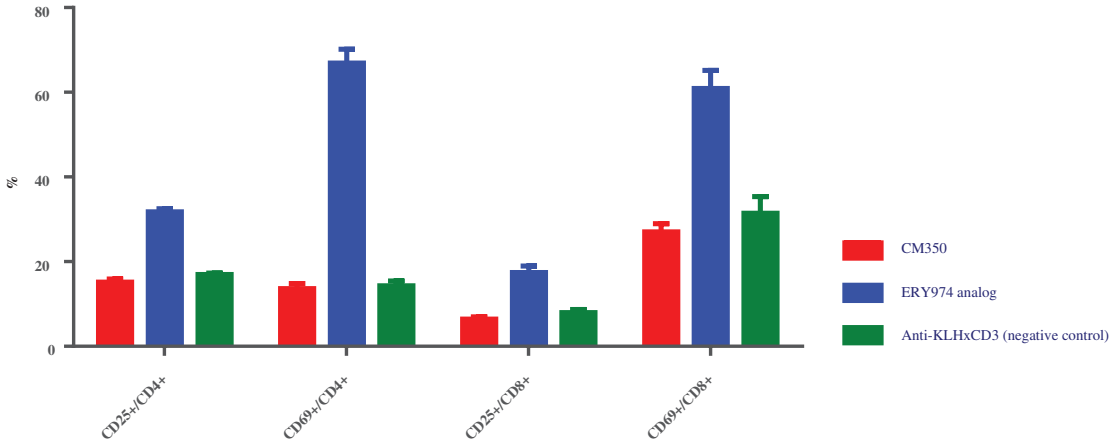
NFAT signal activation (without target cells)



Source: Company data

Assessing T cell activation marker CD25 and CD69 in TDCC assay without target cells, CM350 led to minimal non-specific T cell activation similar to negative control, while ERY974 analog induced strong non-specific T cell activation, suggesting better safety profile of CM350 as compared to ERY974 analog.

PBMC activation without target cells



Source: Company data

We internally discovered and developed CM350, and maintain the global rights to develop and commercialize this drug candidate.

We are conducting IND-enabling studies and plan to file an IND application with the NMPA in 2021.

Cautionary Statement required by Rule 18A.05 of the Listing Rules of the Hong Kong Stock Exchange: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET CM350 SUCCESSFULLY.

OUR PLATFORM

We have built an integrated in-house platform that spans target validation, lead generation and optimization, preclinical evaluation, process development, translational research, clinical development, and CMC and manufacturing. Our integrated platform features proprietary discovery-enabling technologies and strong R&D capabilities. In 2019 and 2020, our R&D expenses were RMB64.8 million and RMB127.4 million, respectively.

Leveraging our strong research and development capabilities, we have developed a pipeline with strong potentials. Our profound experience and deep understanding in immunology and oncology, together with our proprietary T cell engager (nTCE) bispecific platform, innovative antibody discovery platform, bio-evaluation platform and high-throughput screening platform as tools, well position us to continuously develop innovative antibody therapies.

Drug Discovery and Research Team and R&D Centers

Drug Discovery and Research Team

Our drug discovery and research team, headed by Dr. Changyu Wang, consists of 40 members. Dr. Wang leads our preclinical evaluation and translational medicine functions. Dr. Wang led the development of the world's first PD-1 antibody, Bristol-Myers Squibb's nivolumab (Opdivo). Before joining our Company, he held senior research and management roles in Chiron, Medarex, Bristol-Myers Squibb, and Pfizer. The team specializes in antibody discovery and drug evaluation. Dr. Gang Xu, our senior vice president, leads our drug discovery efforts. During the antibody discovery stage, our drug discovery and research team explores new R&D opportunities, conducts feasibility research and provides evaluation opinion for the new opportunities. We also design and prepare new types of chemical compounds and biologics, conduct systematic research regarding the manufacturing process and quality management of the new drug candidates, and develop technology platforms to support, manage and supervise the related technologies. During drug evaluation stage, our drug discovery and research team coordinates and accomplishes pre-clinical R&D activities in relation to the drug candidates' pharmacology, efficacy, toxicology and safety. We conduct extensive early-stage investigation on various drug candidates. We are able to conduct pre-clinical R&D activities including drug activity screening, studies of cellular functions of drugs, drug biochemical studies and biomolecule detection.

R&D Centers

We have built R&D centers in three locations: Chengdu, Shanghai and Beijing. Our Chengdu R&D Center consists of platforms supporting end-to-end R&D from drug discovery to production. This facility includes office space, laboratory space and a cGMP-compliant production site with 1,600L bioreactor capacity. Our Shanghai R&D Center supports our translational medicine efforts where our researchers use multi-disciplinary approach to expedite the discovery of new diagnostic tools and treatments. Our Beijing Clinical Research Center supports our clinical research efforts where our researchers conduct preclinical and clinical research to determine whether our drug candidates are safe and effective.

Our R&D Platforms

We have built fully-integrated platforms to enable our in-depth R&D in the areas of immunology and oncology. Our core platforms are as follows: (i) nTCE platform, (ii) innovative antibody discovery platform, (iii) bio-evaluation platform, and (iv) high-throughput screening platform for high yield antibody-expressing cells. Our platforms are integrated seamlessly to support key drug development functionalities, including antibody screening, functional evaluation, *in vivo* preclinical studies and biomarker identification. We have the expertise and capability to independently complete the entire drug development process from drug discovery to pre-clinical research to clinical development and to NDA/BLA application.

Our strong molecule screening and evaluation capabilities increase the possibility of success of moving innovative therapeutic molecules from preclinical studies to market and support rich pipeline assets built around key pathways and targets.

Novel T Cell Engager (nTCE) Platform

Our nTCE platform enables us to develop bispecific T cell engagers that are potent and highly tumor specific. In recent years, T cell engaging bispecific antibodies have attracted particular interest as a promising class of immunotherapies for the treatment of non-immunogenic tumors. Our technology is designed to overcome these limitations by maximizing T cell-mediated cell killing effects with minimal cytokine release syndrome, and high stability and productivity.

Leveraging the nTCE platform, we are developing multiple T-cell engaging bispecific antibodies, including three in the IND-enabling stage: CM355, CM336 and CM350. In preclinical studies, these drug candidates have demonstrated encouraging T cell-mediated cell killing effects with low possibility of cytokine release syndrome.

Innovative antibody discovery platform

Our innovative antibody discovery platform is a versatile platform for the discovery and evaluation of antibody drugs. This platform includes the following main functionalities: antibody screening, engineering and optimization. With these functions and technologies, we are able to develop antibody-based therapies with new modalities and new mechanisms of action, which potentially increase the efficacy and specificity of the therapies. Based on this platform, we have developed multiple drug candidates with different modalities in our pipeline, including bispecific antibodies, ADCs and Fc-engineered antibodies. This platform is also empowered by enhanced automatic antibody screening and discovery techniques, leading to cost-efficient discovery of drug candidates with high affinity, cross-species activity and improved developability.

Bio-evaluation Platform

Our bio-evaluation platform is responsible for effective assessment of antibody drug candidates. We have developed multiple cell-based assays using primary and engineered reporter cells, which enable us to quickly screen and select highly potent antibodies with desired biological activities. Building on our experience and expertise, we are also able to establish a variety of immunoassays to facilitate our immunology and oncology pipeline development. To further evaluate the efficacies of antibody drugs *in vivo*, we have developed a number of animal models in different species in collaboration with our CROs to support our target validation and lead molecule selection.

High-Throughput Screening Platform for High Yield Antibody-Expressing Cells

Leveraging the experience and know-how of our CMC and manufacturing team, we have developed our high-throughput screening platform to identify high-yielding cell lines that have desirable characteristics for further cost-efficient development. With this platform, we have successfully identified the cell lines to produce drug candidates as fast as three months. This allows us to rapidly advance our assets to preclinical and clinical evaluation stage and accelerate the drug development process.

Clinical Development

Medical and Clinical Development Team

Our experienced medical and clinical development team, led by Ms. Yan Zhang, oversees the design and execution of clinical trials while partnering with reputable CROs/SMOs for trial executions to maximize efficiency. Ms. Yan Zhang has more than 20 years of clinical medicine and biopharmaceutical experience, including serving as the senior medical director of WuXi Clinical Development Services (Shanghai) Co., Ltd. As of the Latest Practicable Date, our medical and clinical development team consisted of 38 members.

Clinical Trial Design and Implementation

Our medical and clinical development team is responsible for our trial design and execution, and manages the procedures of our clinical trials with the assistance of CROs and SMOs. Our rapid trial advancements are driven by our (i) extensive clinical development experience, (ii) well-designed trial protocols, (iii) multi-center trial strategy in close collaboration with trial sites (i.e., hospitals) and corresponding principal investigators (PIs), and (iv) efficient trial execution.

As the sponsor of our clinical trials, we are responsible for initiating and funding the trials, formulating trial protocols, managing the trial implementation throughout the whole process and across multiple clinical sites in accordance with the trial protocols and Good Clinical Practice (GCP). Our medical and clinical development team designs and formulates trial protocols and prepares investigators' brochure based on the differentiated profile and target patient population of our drug candidates and clinical practice in China in order to maximize the clinical potential of our drug candidates and accelerate the regulatory approval process. Trial protocols usually include background and basic information of the trial, trial objectives and purpose, trial design and implementation approach.

Our clinical operations unit is also responsible for the selection of trial sites. We select trial sites based on multiple factors. We have entered into cooperative relationship with numerous trial sites (i.e. hospitals) and PIs that can support our clinical trials of different indications at different stages. We believe that the size and the geographic diversity of these institutions provide us with a significant advantage in implementing large-scale clinical trials and also enable us to conduct multiple clinical trials concurrently.

In 2019, 2020 and the first four months of 2021, we started to cooperate with 1, 7 and 26 PIs, respectively, to conduct the clinical trials of our drug candidates. To the best of our Company's knowledge, none of them have any past or present relationships with our Group, our Directors, shareholders, senior management or any of their respective associates. As the sponsor of our clinical trials, we take primary responsibility for the design and execution of the entire trials. Our medical and clinical trial team formulates trial protocols and selects and engages trial sites and PIs for the conduct of clinical trials. Each of these PIs is a physician who leads the conduct of the clinical trials of our drug candidates at one trial site. The PIs are responsible for the conduct of site-level clinical research activities pursuant to our trial protocols and in accordance with laws, regulations and the GCP Guideline which is a quality standard for the overall conduct of the clinical trial. Site-level activities mainly involve getting trial approval from site ethics committee of the site, properly storing, using and disposing investigational drugs, recruiting subjects (patients or healthy volunteers per trial requirements) who meet the pre-defined inclusion and exclusion criteria in the protocols, providing treatment to subjects in accordance with the protocol, recording medical reports and collecting medical data, and reporting adverse events. PIs regularly communicate with us on the trial progress and observations to assist us in evaluating the efficacy and safety of our drug candidates. Each trial also has a coordinating PI with primary responsibility to ensure the compliance with trial protocol and good clinical practice over the entire trial. Through the trial process and with the assistance of CROs or SMOs, we closely monitor the trial activities, perform site audits, conduct ongoing risk assessment and safety evaluation, review protocol deviated cases, and review clinical data to protect the safety of subjects and ensure the integrity of trial results. We collect and analyze trial data after the last subject completes the last visit to prepare documentations for regulatory approvals of our drug candidates. As advised by Frost & Sullivan, the roles and responsibilities of the PIs in our clinical trials are in line with the common industry practices. In accordance with the laws and regulations, we enter into agreements with the hospitals that the PIs belong to and settle the fees and expenses with those hospitals. The fees and expenses typically include the costs of medical examinations and treatment, and compensation for time and effort to subjects, such as their meals and travel costs. To avoid any potential conflict of interests, we do not have any agreements with, or make any payment to, PIs directly. As consulted with our PRC Legal Advisor, all of our clinical trials have been conducted in full compliance with the relevant PRC laws and regulations, and based on the view of our Industry Consultant, such clinical trials have been conducted in line with the common industry practice.

The following table sets forth the background of coordinating PIs of our clinical trials during the Track Record Period:

	Role and Responsibility	Background
PI A	Coordinating PI of the Phase Ia trial of CM310 and Phase I trial of CM326 in healthy volunteers	Associate chief physician with approximately 30 years of experience in clinical pharmacology practice and clinical trials of new drugs
PI B	Coordinating PI of the Phase Ib/IIa and IIb trials of CM310 in AD	Professor, chief physician, renowned expert in dermatological diseases who participated in the formulation of multiple dermatological treatment guidelines, and published more than 400 papers
PI C	Coordinating PI of the Phase I trial of CMG901	Professor, doctoral advisor, renowned expert who has extensive experience in the research field of individualized treatment of gastrointestinal tumors and anti-cancer drugs

Translational Medicine

Our medical unit leverages unique algorithms for biomarker discovery and conducts bioinformatics data processing and analysis to facilitate our clinical studies. We conduct translational medical research to identify and validate new biomarkers, stratify patient populations, and expand addressable indications for our drug candidates. These insights help further guide us toward new directions in new drug and biomarker discovery. We also maintain regular communications with medical scientists to gain first-hand knowledge of clinical practice, which enables us to identify unmet needs in overlooked disease areas.

Collaboration with CROs and SMOs

In line with industry practice, we collaborate with contract research organizations (CROs) and site management organizations (SMOs) to conduct and support our preclinical and clinical studies. We select our CROs and SMOs by weighing various factors, such as their qualifications, academic and professional experience, industry reputation and service fees. We maintained cooperation relationship with 8 and 17 CROs in 2019 and 2020, respectively, and

cooperated with 1 SMO in 2020. To the best of our Company's knowledge, none of them have any past or present relationships with our Group, our Directors, shareholders, senior management or any of their respective associates, save for acting as our CRO or SMO, as applicable.

The preclinical CROs mainly provide us with services related to preclinical toxicity and safety evaluations, such as animal studies, of our drug candidates in accordance with our study design and under our supervision. We also engaged CROs to conduct *in vivo* pharmacology and PK studies for CM310 and PK studies for CM326. The clinical CROs and SMOs provide us with an array of services necessary for complex clinical trials in accordance with our trial design and under our supervision. We engaged CROs and/or SMO for all the clinical trials of CM310, CMG901, CM326 and CM313. CROs generally provide a comprehensive suite of services to assist us in the implementation and management of clinical trials, including trial preparation, source data verification, clinical safety management, data management, and report preparation. The work scope of SMO is generally more limited to day-to-day site management. We choose to engage a CRO or SMO based on the complexity and workload of a specific trial. We closely monitor the work of our CROs and SMOs, and provide specific directions to ensure the quality and efficiency of the trial execution. This approach allows us to leverage the experience of our in-house team to better focus on critical clinical trial elements, such as trial design, data analysis and decision making. All of studies of our drug candidates on human are conducted in compliance with the applicable laws, regulations and in line with the industry standards.

The following table sets forth background and the costs attributable to each major CRO and SMO during the Track Record Period:

		Year ended December 31	
	Background	**2019**	**2020**
		RMB'000	*RMB'000*
Costs attributable to each major CRO			
1st largest CRO	Preclinical CRO based in China, providing non-clinical safety, efficacy and PK evaluation services	5,923	4,986
2nd largest CRO	CRO based in China, providing non-clinical safety evaluation services	1,001	9,191
3rd largest CRO	Preclinical CRO based in China, providing safety evaluation services	0	6,510

	Background	Year ended December 31 2019	2020
		RMB'000	*RMB'000*
4th largest CRO	CRO based in China, focusing on R&D and evaluation of drugs for respiratory diseases	945	3,700
5th largest CRO	Clinical CRO based in China, providing comprehensive services for clinical trial management and operations	0	3,884
Total		**7,869**	**28,271**
Costs attributable to the SMO			
SMO	SMO based in China, providing services for site management and operations	0	293
Total		**0**	**293**

Generally, we enter into a research and development contract with a CRO or SMO for an individual program. We closely supervise these third-party service providers to ensure that they perform their duties in a manner that complies with our protocols and applicable laws and regulations, and that protects the integrity of the data resulting from our trials. Below is a summary of the key terms of an agreement that we typically enter into with a CRO or SMO:

- **Services**. The CRO or SMO provides us with preclinical services such as the implementation of toxicity or safety evaluation on animals, or clinical services such as the daily management of a clinical research program, record keeping and report preparation, as specified in the contract and under our supervision.

- **Term**. The CRO or SMO is required to perform its services according to the prescribed timeframe set out in the contract.

- **Payment**. We are required to make payments to the CRO or SMO in accordance with the payment schedule agreed by the parties.

- **Confidentiality**. We and the CRO or SMO both agree to keep confidential any information in relation to the performance of the contract.

- **Intellectual Property**. We own all intellectual property derived from the clinical research project, and we are entitled to apply patent for such intellectual properties.

We believe our ability to conduct, and to work closely with CROs and SMOs to conduct preclinical studies and clinical trials enable us to shorten the time required for drug development by generating the requisite data reliably and efficiently.

CMC and Manufacturing

CMC and Manufacturing Team

Our CMC and manufacturing team, headed by Dr. Qian Jia, consists of 102 members as of the Latest Practicable Date. Dr. Qian Jia, our senior vice president, is in charge of our CMC and regulatory affairs. Dr. Jia has over 30 years of experience in the pharmaceutical industry. She previously served as the chief scientist and vice president at North China Pharmaceutical Group New Drug R&D Co., Ltd., and was the head of CMC and regulatory affairs at two biotech companies before joining our Company.

Our CMC and manufacturing team is mainly responsible for screening of high-expressing cell lines, process development, analytical and formulation development, quality control and assurance, scaling up production, and the oversight of construction of cGMP-compliant manufacturing facilities throughout the drug development process. During the preclinical stage, the team supports our drug discovery process by providing large-scale intermediates to assist in discovery chemistry, conducting API process and formulation development and optimization, and by being responsible for CMC-related work to meet regulatory requirements. During the clinical trial stage, the team provides high-quality and timely supplies of clinical samples for use in clinical trials. The team is also in charge of the design and construction of our cGMP-compliant manufacturing facilities. In the next two years, we plan to expand our manufacturing team to prepare for and conduct commercial-scale production of our products.

cGMP-Compliant Facility

With the support of local authorities to the biopharmaceutical industry, we believe Chengdu is an ideal location for our manufacturing site. We built our first manufacturing facility in Chengdu in 2019. Since then, we have consistently and successfully manufactured our antibodies in-house for preclinical and clinical studies. Our Chengdu facility is equipped with three 200 L and one 1,000 L bioreactors. At our existing facility, we also have one vial filling line and one pre-filled syringe filling line. Our site is designed to comply with the cGMP requirements of NMPA and FDA.

In addition, with the support of the Chengdu government, we are building a new manufacturing facility on a parcel of land with approximately 114 Mu. The first phase of this commercial-scale facility is designed to install three production lines with eight 2,000 L bioreactors, and is expected to provide an additional 16,000 L of manufacturing capacity. We expect to complete the construction of the first phase of this new manufacturing facility by 2022.

Commercialization

To prepare for the anticipated commercialization of our drug candidates, our strategy is to build an in-house commercialization team with medical and scientific background to support the future marketing and commercialization of our assets. Our commercialization team will initially have around 100 members, and is mainly responsible for product positioning, market strategy, promotional activity planning and patient assistance. We expect our commercialization team to cover a majority of provinces and municipalities in China and support the promotion of our other pre-clinical and clinical stage drug candidates after launch.

Leveraging the expertise and industry connections of our team, we plan to market our products primarily through a physician-targeted marketing strategy, focusing on direct and interactive communication with key opinion leaders and physicians in the respective therapeutic areas to promote the differentiating clinical aspects of our products. Such marketing efforts are expected to commence several months before the expected approval for the commercialization of a drug candidate. In preparation for the sales of our future approved products, we intend to identify a number of hospitals, clinics and physicians specialized in immunology or oncology treatment, and to visit the sites and physicians in person for pre-launch training and liaison.

We also plan to sponsor numerous investigator-led clinical trials to generate local clinical data and accumulate relevant clinical experience. We believe that these academic-oriented marketing efforts will be beneficial for improving alignment of expert opinions on, and promoting clinical use of, our drug candidates, after they become available for sale. We will also support leading experts to report the results of their researches at international and domestic conventions, symposia and other notable events to promote our brand at the forefront of the industry. Moreover, we will actively organize academic conferences and seminars to publicize the clinical data and research results in relation of our drug candidates in order to raise our brand awareness and recognition.

COLLABORATION AGREEMENTS

We actively seek to form strategic collaboration with resourceful partners to support the development and maximize the commercial value of our drug candidates. These collaborations allow us to leverage clinical, financial and commercial resources of our partners, and provide us with opportunities to explore innovative modalities and therapies that employ new mechanisms through cooperation with other innovative drug developers.

Collaboration with CSPC

On March 10, 2021 (the "**Effective Date**"), we entered into an exclusive license agreement (the "**CSPC Agreement**") with Shanghai JMT-BIO Technology Co., Ltd, a wholly-owned subsidiary of CSPC Pharmaceutical Group Limited, to develop and commercialize CM310 for the treatment of moderate and severe asthma, COPD and other respiratory diseases (the "**Field**") in China (excluding Hong Kong, Macau, or Taiwan) (the "**Territory**"). For the purposes of this discussion, we refer to Shanghai JMT-BIO Technology Co., Ltd and its affiliates, including CSPC Pharmaceutical Group Limited, as CSPC. CSPC (HKSE: 1093) is a leading pharmaceutical group in China with a strong innovation, R&D and marketing capability. Its strong product portfolio includes products in the therapeutic areas of nervous system diseases, oncology, anti-infectives and cardiovascular diseases.

Under the CSPC Agreement, we granted CSPC an exclusive license under the know-how and patents controlled by us (collectively, "**Licensed IP**") to develop and commercialize CM310 in the Field and the Territory. For the avoidance of doubt, we retain the exclusive rights to (i) develop and commercialize CM310 for the treatment of indications outside the Field, such as AD and CRS, in the Territory, (ii) develop and commercialize CM310 outside the Territory, and (iii) manufacture CM310 anywhere in the world. CSPC has the right to grant sublicenses to its affiliates by giving us a prior written notice, and to third parties with our prior written approval.

Pursuant to the CSPC Agreement, the parties should establish a joint steering committee ("**JSC**") as a forum to oversee the development and commercialization of CM310 in the Field and the Territory. The JSC should consist of six members, with three representatives appointed by each party. All decisions of the JSC shall be made by unanimous vote with each party's representatives collectively having one vote. If the JSC cannot reach a decision on a particular matter after good faith consideration of each party's view and reasonable discussion, such matter shall be referred to the chief executive officers of both parties for resolution. The chief executive officers should promptly meet and make good faith efforts to resolve such matter. If the chief executive officers still cannot reach agreement on a particular matter, CSPC should have the final decision making authority over the development and commercialization of CM310 in the Field and the Territory, provided that such decisions should not be reasonably expected to adversely affect the development or commercialization of CM310 outside the Field and/or the Territory.

Pursuant to the CSPC Agreement, CSPC will be responsible for the clinical development, regulatory activities and commercialization of CM310 in the Field and the Territory at its own costs and expenses. CSPC will be the market authorization holder of CM310 in the Field, including asthma, in the Territory, once approved. The parties will mutually agree on a detailed plan on the development and regulatory approval of CM310 to be conducted by CSPC, of which the updates and changes are subject to the review and approval of the JSC.

Pursuant to the CSPC Agreement, we will be responsible for the manufacture and supply of CM310, and CSPC should purchase CM310 from us, for the development and commercialization of CM310 in the Field and the Territory. The parties will enter into separate agreements regarding the supply and purchase of the products.

Under the CSPC Agreement, we are entitled to receive upfront, milestone and royalty payments. CSPC should pay us a one-time, non-refundable and non-creditable upfront payment of RMB70 million. We received the upfront payment on May 11, 2021. Moreover, CSPC is obligated to pay us up to RMB100 million upon the achievement of development milestones, including receiving marketing approval and the first commercial sale in the Territory and up to RMB200 million upon the achievement of sales milestones, including reaching certain sales targets. As of the Latest Practicable Date, none of the milestones had been achieved and we had not received any milestone payments. CSPC will also be required to pay us three-tiered royalties ranging from high single to low double-digit percentages on the net sales of CM310 sold in the Territory.

Each party should solely own all inventions invented or developed solely by or on behalf of such party. The parties should jointly own all inventions invented or developed jointly by both parties. We have the right (prior to CSPC) to file, prosecute and maintain licensed patents, including the patent applications of CM310 as disclosed in the paragraph headed "– Intellectual Property", throughout the world at our own costs and expenses. For jointly-owned inventions, each party, as a joint inventor, has the right to file patent applications on behalf of both parties and both parties enjoy equal interest in the inventions and patents (if approved). The ownership of inventions and the right to prosecute patents on inventions should be allocated between the parties depending on who invented or developed the inventions. The parties can refer such disputes to the executive officers of the parties for internal resolution through good faith negotiation. If the disputes are not resolved through internal resolution, either party can choose to submit the disputes to arbitration for final resolution.

The CSPC Agreement will continue to be in full force and effect unless early terminated due to customary termination events, including CSPC's termination with 180 days prior notice or for cause, material breach of obligations by either party, insolvency of either party, and CSPC's commencement of legal actions against any of our patents. Any dispute relating to the CSPC Agreement that is not resolved by negotiation may be resolved by administered by China International Economic and Trade Arbitration Commission. As of the Latest Practicable Date, we had no disputes with CSPC. The Industry Consultant is of the view that the arrangement under the Collaboration Agreement is in line with industry norm.

Collaboration with Lepu Biopharma

On October 30, 2017, we and Shanghai Miracogen Inc. ("**Shanghai Miracogen**") entered into a collaboration agreement, as amended on March 3, 2020 and December 22, 2020, which provides the framework of our collaboration with Shanghai Miracogen regarding the co-development of CMG901 and another ADC against a prescribed target that is mutually agreed by both parties. Shanghai Miracogen is a China-based biotechnology company focusing

on development and worldwide commercialization of immuno-oncology drugs, including ADCs. The amendments to the collaboration agreement provided that we and Shanghai Miracogen will continue to advance the co-development of CMG901 by establishing a joint venture and enjoy the interest and rights in CMG901 at the ratio of 70:30. There are currently no specific arrangements to materialize another ADC against a prescribed target. The collaboration agreement and subsequent amendments merely lay out the framework of cooperation should such occasion arise.

Under the framework of collaboration arrangements in the above mentioned collaboration agreement and its amendments, we and Shanghai Miracogen co-developed CMG901, and we and our wholly-owned subsidiary, iBridge HK, subsequently entered into a joint venture agreement on January 11, 2021 with Lepu Biopharma and Innocube Limited ("**Innocube**"), a wholly owned subsidiary of Lepu Biopharma, to establish a joint venture for the development and commercialization of CMG901 worldwide. Lepu Biopharma is the parent company of Shanghai Miracogen, and possesses an integrated platform focused on the research and development of innovative ADC drugs and technology. Pursuant to the joint venture agreement, we and Innocube established a joint venture named KYM Biosciences Inc. ("**KYM**") to co-develop and commercialize CMG901 and own 70% and 30% of shares in KYM respectively. iBridge HK, Innocube and KYM also entered into a stockholders' agreement on January 11, 2021. For the avoidance of doubt, KYM is a subsidiary of our Company and its financials are consolidated into the financial statements of our Group. KYM did not incur any capital expenditure for the years ended December 31, 2019 and December 31, 2020.

Under the joint venture agreement, we and Innocube agree to contribute US$70,000 and US$30,000 respectively in cash and transfer respective rights, title and interest in a patent application covering CMG901 to KYM. On the same date of the joint venture agreement, each of us and Innocube also entered into a license agreement and a service agreement with KYM as part of the collaboration arrangements. Under the license agreements, each of us and Innocube agrees to grant KYM an exclusive, royalty free and sub-licensable license under patents, patent applications and know-how covering CMG901 controlled by us or Innocube, as the case may be. Under the service agreements, we agree to provide a series of services covering all major aspects of KYM's development of products and its business operations, other than the CMC services provided by Innocube. Specifically, we provide R&D services, including the management and coordination with outside service providers such as CROs, supply services of CMG901 to support pre-clinical research activities, clinical regulatory services including obtaining regulatory approvals and ensuring continual regulatory compliance, information technology services, accounting and finance services, intellectual property management services, human resources services on an as-needed basis, as well as administrative and other operational services in relation to the ordinary business operations; while Innocube agrees to provide CMC services to KYM, in both cases at cost plus a pre-determined markup.

Pursuant to the arrangements under the agreements described above, KYM will own the proprietary rights or exclusive license of patents and patent applications covering CMG901, and will be responsible for, and bear the costs arising from, the development, manufacture and

commercialization of CMG901 worldwide. The management of business and operations will be controlled and supervised by the board of directors, consisting of three members with two designated by us and one by Innocube. There is no separate joint steering committee with respect to the development of CMG901. KYM will fund its operation by the paid-in capital, operating cash flow and additional financing through bank facilities, shareholder loans and/or additional capital contributions if necessary. We and Innocube are entitled to distributable profits of KYM in proportion to the respective equity ownership in KYM.

The joint venture agreement will continue to be in effect for so long as the parties are stockholders of the KYM, unless terminated earlier. The agreement can be terminated by mutual consent or by either party upon, among others, written notice in the event of (i) uncured material breach, (ii) acquisition of all capital stock by one party, and (iii) change of control of one party. The license agreements and service agreements will continue to be in effect until the termination of the joint venture agreement. The license agreements can be early terminated by either party due to customary termination events. The service agreements can be early terminated upon prior written notice of KYM. Any dispute relating to the joint venture agreement, license agreements and service agreements that is not resolved by negotiation may be resolved exclusively by binding arbitration conducted by the American Arbitration Association. The Industry Consultant is of the view that the arrangements under the joint venture agreement, the license agreements and service agreements are in line with industry norm.

Collaboration with Mabworks

In January 2018, we entered into a technology collaboration agreement ("**Mabworks Collaboration Agreement**") with Beijing Mabworks Biotech Co., Ltd. ("**Mabworks**") for a term of eleven years. Pursuant to the Mabworks Collaboration Agreement, Mabworks and us agreed to co-develop a CD47 monoclonal antibody, i.e. MIL95/CM312.

As part of the joint effort, each party is responsible for conducting certain pre-clinical studies of MIL95/CM312. Under the Mabworks Collaboration Agreement, we are responsible for the screening, discovery and preclinical pharmacology testing of MIL95/CM312, and Mabworks is responsible for the CMC, toxicity studies and preparation of IND applications of MIL95/CM312. The parties also agreed to cooperate on the clinical development of MIL95/CM312, including the design, implementation and reporting of clinical trials and regulatory affairs.

Each party shall bear its own R&D expenses for the discovery and pre-clinical development of MIL95/CM312. With respect to costs incurred in clinical studies as well as revenue generated from the sales of MIL95/CM312 in the future, each of us and Mabworks shall share 49% and 51% of the costs/revenue in China, respectively. Each party should solely own all inventions and know-how invented or developed solely by or on behalf of such party. The parties should jointly own all inventions, data and know-how invented or developed jointly by both parties.

The Mabworks Collaboration Agreement will expire on December 31, 2028. It can be early terminated by either party under *force majeure* events or technical risks. Both parties agree that if any disputes arise during the performance of the Mabworks Collaboration Agreement they shall be resolved through negotiations and mediation. Either party may initiate litigation procedures if negotiations and mediation cannot resolve the disputes. The Industry Consultant is of the view that the arrangements under the Mabworks Collaboration Agreement is in line with industry norm.

Collaboration with InnoCare

On August 31, 2017, we entered into a joint venture agreement (the "**InnoCare JV agreement**") with Beijing InnoCare Pharma Tech Co., Ltd. (北京諾誠健華醫藥科技有限公司) ("**InnoCare**"), a subsidiary of InnoCare Pharma Limited (HKSE: 9969), to form a joint venture (the "**JV**") in Beijing, China. Pursuant to the InnoCare JV Agreement, this is a 50:50 joint venture of us and InnoCare for the discovery, development and commercialization of all biologic products that constitute, comprise or contain CM355 (the "**Licensed Products**") globally. Parties agree that the JV will engage each of us and InnoCare to perform certain pre-clinical studies of the Licensed Products. Between August 31, 2017 and June 1, 2020, the JV did not have any operations. We and InnoCare have equal representation to the board (the "**Board**") and the joint steering committee (the "**JSC**") of the JV. All decisions of the Board and the JSC shall be determined by a majority of the votes of the directors/members. The JV was established on October 25, 2017 in China.

On June 1, 2020, we entered into a license and collaboration agreement (the "**InnoCare License Agreement**") with InnoCare, pursuant to which we agreed to grant InnoCare and its affiliates an exclusive, sub-licensable, royalty-free license for 50% ownership of the Licensed Products under the relevant patent rights to co-develop, manufacture and commercialize the Licensed Products globally. Upon execution of the InnoCare License Agreement, the Licensed Products will be developed by the JV. We and InnoCare will each own 50% ownership to the Licensed Products prior the IND approval of CM355, and after obtaining the IND approval and InnoCare's fulfillment of its payment obligation as discussed below, both parties shall transfer all the rights to the Licensed Products to the JV. The ownership allocation of the Licensed Products in future developments may change based on the percentage of financial contribution from each party. Additionally, once the licensing transaction is completed, the JV shall own all regulatory filings and regulatory approvals relating to the Licensed Products. The JV is responsible for formulating the commercialization plans of the Licensed Products and will bear all associated costs.

In consideration of the license granted by us to InnoCare, and to cover our R&D expenses on CM355 prior to obtaining its IND approval, InnoCare agreed to make upfront and milestone payments to us. InnoCare paid us a total of RMB8 million upfront payment on August 5, 2020. InnoCare also agreed to pay us a total amount of RMB32 million of milestone payment upon the achievement of certain regulatory milestone for CM355, on the condition that we have established a valid intellectual property position for CM355. Upon the fulfillment of the aforesaid payment obligation, the parties shall transfer all rights to the Licensed Products to the

JV. Furthermore, each of us and InnoCare agreed to pay RMB10 million to the JV to cover costs that may incur in relation to Phase I clinical trial of the Licensed Products in the future. Subsequent payments to the JV will be arranged as needed by both parties on equal basis. The InnoCare License Agreement shall expire on April 1, 2025 and has an exclusivity period of five years. It can be early terminated by either party if there are breaches of material obligations such as InnoCare's obligation to pay any fee and fails to cure such breach within 30 days of receiving written notice, or either party's bankruptcy. Both parties agree that if any disputes arise under the InnoCare License Agreement, they shall be resolved through the spirit of equality, good faith and mutual understanding. Either party may initiate litigation procedures if the disputes cannot be resolved after negotiations.

The Industry Consultant is of the view that the arrangements under the Innocare License Agreement is in line with industry norm.

INTELLECTUAL PROPERTY

Intellectual property, including patents, trade secrets, trademarks and copyrights, is critical to our business. Our success depends in part on our ability to obtain and maintain proprietary intellectual property protection for our drug candidates, novel discoveries, product development technologies, inventions and know-how. Our success also depends in part on our ability to defend and enforce our patents including any patent that we have or may issue from our patent applications, preserve the confidentiality of our trade secrets and operate without infringing the valid and enforceable patents and proprietary rights of other parties.

We have adopted a strategy to develop a global portfolio of patents to protect our drug candidates and technologies. As of the Latest Practicable Date, all of our 33 patent applications were pending, including 16 patent applications in China, two patent applications in the U.S., seven patent applications under the Patent Cooperation Treaty and eight patent applications in other jurisdictions, relating to certain of our drug candidates and technologies.

As of the Latest Practicable Date, with respect to our Core Product, CM310, we owned nine pending patent applications, including two patent applications in China, one patent application in the U.S., one patent application under the Patent Cooperation Treaty and five patent applications in other jurisdictions. Up to the Latest Practicable Date, none of our patent applications had been rejected by relevant PRC regulatory authorities. Our patent applications are covering our innovative drug candidates that were internally discovered and developed by us. We performed competitor landscape search for the inventions defined in our patent applications to determine whether our inventions are covered by any prior art of competitors and whether they are novel and potentially inventive, and the search results indicate high probability for obtaining patents on our inventions. Therefore, based on the view of our legal advisor to IP laws, Merits & Tree Law Offices, we do not foresee any difficulties in obtaining the relevant approvals regarding our patent applications. Our industry consultant, Frost & Sullivan, is also of the view that the competitor landscape search is commonly used and

reliable means to estimate the probability of obtaining a patent in the pharmaceutical industry. The following table summarizes the details of the material filed patent applications by our Company in connection with our Core Product and key drug candidates:

Product	Type of Patent	Application Number	Title of Patent Application	Jurisdiction	Status	Applicant	Date of Patent Application	Expected Patent Approval Date	Patent Expiration[1]	Our Commercial Rights	Inventors
CM310	invention	CN2018105284898	Autoimmune suppressor and application thereof	PRC	Pending	Chengdu Keymed	2018/5/29	2023/5/29	May 2038	All rights	CHEN Bo/ XU Gang/ YU Juntao[5]
	invention	CN2020114895775	Autoimmune suppressor and application thereof[2]	PRC	Pending	Chengdu Keymed	2020/12/16	2025/5/29	May 2038	Licensed to CSPC	CHEN Bo/ XU Gang/ YU Juntao[5]
	invention	PCT/CN2019/089031	Autoimmune suppressor and application thereof	PCT, U.S., EPO, Japan, Russia, South Africa, Brazil	Pending	Chengdu Keymed	2019/5/29	2024/5/29	May 2038	All rights	CHEN Bo/ XU Gang/ YU Juntao[5]
CM326	invention	PCT/CN2020/128821	Development and use of a medication for treating TSLP related diseases	PRC, PCT	Pending	Chengdu Keymed/ Shanghai Lingyue	2020/11/13	2025/5/29	November 2039	All rights	XU Gang/ CHEN Bo[5]/ WANG Jingkun[6]
CMG901	invention	PCT/CN2020/084991	Anti-tumor therapeutics and application thereof	PCT	Pending	Chengdu Keymed	2020/4/15	2025/5/29	July 2040	All rights[3]	WANG Ying[7]/ XU Gang/ CHEN Bo[5]
	invention	CN202010645272	An antibody recognizing Claudin 18.2 with high affinity and its application	PRC	Pending	Shanghai Lingyue	2020/7/6	2025/5/29	November 2040	All rights[3]	WANG Ying[7]
	invention	CN202011105383	Antibody drug conjugate and its application thereof	PRC	Pending	Chengdu Keymed Shanghai Miracogen	2020/10/15	2025/5/29	October 2040	All rights[4]	HU Chaohong/ LI Hu[8]/ CHEN Bo/ XU Gang[5]/ WANG Ying[7]

Abbreviation: PCT = Patent Cooperation Treaty[9], EPO = European Patent Office.

Notes:

(1) Patent expiration date is estimated based on current filing status, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other government fees.

(2) Under the CSPC Agreement, we have applied for a divisional patent application covering CM310 in the fields we out-licensed to CSPC. For further details of the CSPC Agreement, please refer to "– Collaboration Agreements – Collaboration with CSPC."

(3) We have granted an exclusive and royalty free license under the patents, patent applications and know-how covering CM311 controlled by us to KYM in which we own 70% shares. For details, please refer to "– Collaboration Agreements – Collaboration with Lepu Biopharma."

(4) Under our collaboration arrangements with Lepu Biopharma, we and Shanghai Miracogen will transfer our rights and interest in this patent application to KYM. For details, please refer to "– Collaboration Agreements – Collaboration with Lepu Biopharma."

(5) CHEN Bo is currently the CEO of our Company and has over 20 years of experience in innovative drug development. He was responsible for antibody discovery and project management. XU Gang is currently the senior vice president of our Company and has over 10 years of experience in innovative drug development. He was responsible for antibody humanization and protein engineering. YU Juntao is currently the scientist of our Company and has over 5 years of experience in innovative drug development. He was responsible for molecular cloning and antibody phage display.

(6) WANG Jingkun is currently a scientist of our Company and has over 3 years of experience in innovative drug development in our Group. He was responsible for animal immunization and hybridoma antibody generation.

(7) WANG Ying is currently a scientist of our Company and has over 4 years of experience in innovative drug development in our Group. She was responsible for hybridoma antibody screening and immunohistochemistry development.

(8) HU Chaohong is currently the co-CEO of Lepu Biopharma Co., Ltd.. She was responsible for antibody-drug conjugate development. LI Hu is currently the vice president of Lepu Biopharma Co., Ltd.. He was responsible for antibody-drug conjugate pre-clinical studies.

(9) PCT is an international treaty administered by the World Intellectual Property Organization (WIPO). PCT provides a unified procedure for applicants to seek patent protection for an invention simultaneously in a large number of countries by filing a single international patent application instead of filing several separate national or regional patent applications. The granting of patents remains under the national or regional legislation of the national or regional patent offices. It is called the "national phase". In the national phase, each patent office is responsible for processing the application in accordance with its national patent laws, and for deciding whether to grant patent protection.

As of the Latest Practicable Date, with respect to MIL95/CM312, we solely owned one pending patent application under the Patent Cooperation Treaty and one pending patent application in China covering its compound. Under the Mabworks Collaboration Agreement, each party should solely own all inventions and know-how invented or developed solely by or on behalf of such party. The parties should jointly own all inventions, data and know-how invented or developed jointly by both parties.

As of the Latest Practicable Date, with respect to CM355, we owned one pending patent application in China covering its compound. Under the InnoCare License Agreement, we agreed to grant InnoCare and its affiliates an exclusive, sub-licensable, royalty-free license for 50% ownership of the Licensed Products under the relevant patent rights to co-develop, manufacture and commercialize the Licensed Products globally. Therefore, we and InnoCare will each own 50% ownership to the Licensed Products prior the IND approval of CM355, and after obtaining the IND approval and InnoCare's fulfillment of its payment obligation, both parties will transfer all the rights to the Licensed Products to the a joint venture of us and InnoCare. After the transfer, the joint venture will own all the intellectual property rights to CM355.

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 U.S., 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 U.S, 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 ("**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 U.S. 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 U.S., 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 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 once a 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. Furthermore, a reference biological product is granted 12 years of data exclusivity from the time of first licensure of the product, and the FDA will not accept an application for a biosimilar or interchangeable product based on the reference biological product until four years after the date of first licensure of the reference product. 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 drug candidates and methods of manufacturing the same.

We may rely, in some circumstances, on trade secret and/or confidential information to protect aspects of our technology. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with consultants, scientific advisers and contractors, and invention assignment agreements with our employees. We have entered into confidentiality agreements and non-competition agreements with our senior management and 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. Please refer to the paragraph headed "Risk Factors – Risks Relating to Our Business – Risk Relating to Our Intellectual Property Rights" for a description of risks related to our intellectual property.

We conduct our business under the brand name of "KeyMed", "Conmed" or "康諾亞". As of the Latest Practicable Date, we had 8 registered trademarks in China and filed 29 trademark applications in China in other jurisdictions. As of the Latest Practicable Date, we are also the registered owner of 1 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. Please refer to the paragraphs headed "– Collaboration Agreements" in this section.

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.

Please refer to the paragraph headed "Statutory and General Information – Further Information about The Business of The Company – Our Material Intellectual Property Rights" in Appendix IV to this prospectus for further information.

SUPPLIERS AND RAW MATERIALS

During the Track Record Period, we primarily procured raw materials and equipment for the development and manufacture of our drug candidates from industry-leading and highly reputable manufacturers and suppliers. Our purchases mainly include third-party contracting services for preclinical evaluation and clinical trials of our drug candidates as well as raw materials, consumables, machines and equipment. In 2019 and 2020, our purchases from our five largest suppliers in the aggregate accounted for 55.4% and 41.9% of our total purchases (including value added tax), respectively.

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. We generally have credit periods of 30 to 60 days.

DATA PRIVACY AND PROTECTION

We operate substantially all of our business in China. All of our clinical trials were or are currently conducted in China. Therefore, there has not been any transfer of clinical trial data between China and the U.S. for our clinical trials. We may have access to certain data of medical institutions and individual patients during the course of clinical trials. Certain types of such data may fall into the scope of personal information under applicable PRC laws and regulations. We have designed strict data protection policies to ensure that the collection, use, storage, transmission and dissemination of such data is in compliance with applicable laws and regulations, including the Guidelines for Grading of Classified Protection of Cyber Security (網絡安全等級保護定級指南), as well as prevalent industry practice.

- *Prior consent*. We inform patients of our data privacy and protection policies and measures before enrolling them to our clinical trials. We also obtain consent from each enrolled patient to collect relevant clinical data.

- *De-identification*. We remove personal identifiers for enrolled patients, including their names, telephone numbers, addresses, ID numbers and other information that can identify a patient when generating clinical trial data.

- *Data storage and access*. Personal information of enrolled patients is kept at the medical institutions with internal control protocols to limit and monitor data access. Only authorized employees can access confidential patient data. We strictly control and manage the use of data within our various departments and do not share data with external third parties.

To further ensure the implementation of our data privacy and protection measures, we employ an electronic data collection system. We also enter into confidentiality agreements with our employees and third-party collaborators which set forth requirements for data privacy and protection. Our Directors confirm that we were not subject to any material claims, lawsuits, penalties or administrative actions relating to non-compliance with applicable PRC laws and regulations for data privacy and protection as of the Latest Practicable Date.

COMPETITION

The pharmaceutical industries are highly competitive and subject to rapid and significant change. While we believe that our robust pipeline of innovative drug candidates in clinical and pre-clinical trials, strong research and development capability, fully-integrated platform and world-class leadership team provide us with competitive advantages, we face potential competition from many different sources working to develop therapies targeting the same indications against which we develop our drug candidates, in particular in the fields of immunology and oncology. These include major pharmaceutical companies as well as specialty pharmaceutical companies of various sizes, academic institutions, government agencies and research institutions. Any drug candidates that we successfully develop and commercialize will compete both with existing drugs and with any new drugs that may become available in the future. Our Core Product and key drug candidates face competition from approved and late clinical-stage drug candidates that focus on similar indications and subpopulations with us, and these competing products may have significant competitive strengths and advantages when compared to our drug candidates. For instance, after commercial launch, CM310 may face competition from dupilumab and certain other approved biologics for AD, asthma and CRSwNP. Furthermore, CM310 may also face competition from other small molecule targeted therapies, such as JAK inhibitors for the treatment of AD, as well as many other clinical-stage biologics and small molecule targeted therapies being developed by multinational pharmaceutical corporations and biotech companies for similar indications and target patient population with CM310. For more information on the competitive landscape of our drug candidates, please refer to the section headed "Industry Overview."

EMPLOYEES

As of the Latest Practicable Date, we had 220 employees in total. The following table sets forth the number of our employees categorized by function as of the Latest Practicable Date.

Function	Number	% of Total
Drug discovery and research	41	20%
Medical and clinical development	38	17%
CMC and manufacturing	102	46%
General and administrative	39	17%
Total	220	100%

Among the 220 employees, 177 of our employees are stationed in Chengdu, 20 of our employees are stationed in Beijing and 23 of our employees are stationed in Shanghai.

We enter into individual employment contracts with our employees covering matters such as salaries, bonuses, employee benefits, workplace safety, confidentiality obligations, work product assignment clause and grounds for termination. We also enter into separate confidentiality 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.

To maintain the quality, knowledge and skill levels of our workforce, we provide continuing education and training programs, including internal and external training, for our employees to improve their technical, professional or management skills. We also provide trainings programs to our employees from time to time to ensure their awareness and compliance with our policies and procedures in various aspects. Furthermore, we provide various incentives and benefits to our employees, including competitive salaries, bonuses and share-based compensation to our employees, particularly our key employees.

Our employees' remuneration comprises salaries, bonuses, employees provident fund and social security contributions and other welfare payments. We have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees pursuant to applicable laws and regulations. During the Track Record Period, we didn't make timely and adequate contribution of social insurance premium involving an immaterial amount which will not bring any material adverse effect affecting our operations. As of the Latest Practicable Date, no fine or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance or housing reserve fund contributions, nor had we received any order to settle the outstanding amount of such contributions we incurred during the Track Record Period. We have made full provision for the shortfall amounts during the Track Record Period and will pay such shortfall amounts in a timely manner if requested by the relevant regulatory authorities. Save as disclosed above, we have complied with all statutory social security insurance fund and housing fund obligations applicable to us under the PRC laws and regulations in all material aspects during the Track Record Period and as of the Latest Practicable Date.

We consider our relations with our employees to be good. During the Track Record Period and up to the Latest Practicable Date, we did not experience any strikes or labor disputes which had a material effect on our business.

LAND AND PROPERTIES

As of the Latest Practicable Date, we do not hold any real property. As of the Latest Practicable Date, we leased ten properties with an aggregate GFA of approximately 12,827.34 sq.m. We believe our current facilities are sufficient to meet our near-term needs, and additional space can be obtained on commercially reasonable terms to meet our future needs. We do not anticipate undue difficulty in renewing our leases upon their expiration.

The following table sets forth the details of our leased properties as of the Latest Practicable Date:

Location	Type of Property	Address	GFA *(sq.m.)*	Lease Term	Expiry Dates
Chengdu	Building/R&D center	Room 406, 4/F, Block 12, Tianfu Life Science Park, 88 Keyuan South Road, Chengdu, Sichuan Province	289.03	1 year	October 24, 2021
Chengdu	Building/R&D center	Room 202, 2/F, R&D Building, B7, Tianfu Life Science Park, 88 Keyuan South Road, Chengdu, Sichuan Province	705.91	18 months	July 5, 2021[1]
Chengdu	Building/R&D center	Floors 1 to 5, Block D2, Tianfu Bio-industry Incubation Park, No. 18, Section 2, Bio-town Middle Road, Chengdu, Sichuan Province	7,360.19	3 years	July 31, 2021
Chengdu	Building/R&D center	7/F, Block D2, Tianfu Bio-industry Incubation Park, No. 18, Section 2, Bio-town Middle Road, Chengdu, Sichuan Province	1,464.48	3 years	November 30, 2021[3]
Shanghai	Building/R&D center	1/F (office space), 5/F (office room, conference room, Lab 501, Lab 502 and Lab 503), Block 10, 1999 Zhangheng Road, Pudong District, Shanghai	1,634	1 year	March 31, 2022
Shanghai	Building	Room 505, Room 506, Block 4, Baijiatong, Lane 388, Shengrong Road, Pudong New Area, Shanghai	393.49	2 years	May 15, 2023
Beijing	Building/R&D center	Room 1101, Unit 2 (including 11/F and 12/F), Block 6, Xinyi Jiayuan, Dongcheng District, Beijing	202.31	1 year	December 25, 2021
Beijing	Building	Room 43-(06)02, 6/F, No.43 Guangqumennei Street, Dongcheng District, Beijing	385.4	25 months	February 24, 2023
Beijing	Building	Room 41-(06)03, 6/F, No.43 Guangqumennei Street, Dongcheng District, Beijing	392.53	2 years	May 31, 2023

Notes:

1. We do not plan to renew this lease after the expiry date.

2. Unless otherwise noted, we will renew the lease agreements that will expire in 2021 before their respective expiry date in due course.

3. We are in the process of obtaining the fire safety certificate for this property and this property is currently not in use. For further details, please refer to the paragraph headed "Risk Factors – Other Risks Relating to Our Operations – We are subject to risks associated with leasing space."

ENVIRONMENTAL MATTERS AND WORKPLACE SAFETY

We are committed to operate our business in a manner that protects environment and provides a safety workplace for our employees.

Our Board has the collective and overall responsibility for establishing, adopting and reviewing the environmental, social and governance (ESG) vision and strategy of our Group, and evaluating, determining and addressing our ESG-related risks. We have adopted company-wide environment, health and safety (EHS) manuals, and various policies, systems and procedures relating to waste treatment and pollution control, environmental risk management, emergency response, process safety management and occupational health and safety. Our EHS function is primarily responsible for formulating and implementing our internal policies and procedures relating to environmental protection and pollution control, maintaining our environmental and occupational health and safety management systems, preparing environmental and safety incident emergency plan, providing periodical trainings to our employees, conducting risk investigation and assessment, and monitoring the implementation of EHS measures to prevent pollution and safety incidents.

During our manufacturing processes, we must comply with PRC laws and regulations concerning the use and disposal of hazardous chemicals, wastewater and chemical waste. Please refer to the section headed "Regulatory Overview – Laws and Regulations on Environmental Protection" in this prospectus for details on PRC environmental laws and regulations we are subject to. Our operations involve the use of hazardous chemicals. We implemented safety guidelines setting out information about potential safety hazards and procedures for operating in the manufacturing facilities, and we installed video surveillance systems inside the manufacturing facilities to monitor the operation process. Our operations also produce wastewater and chemical waste. We store hazardous wastes in special warehouse and contract with third parties for the disposal of hazardous materials and wastes. During the Track Record Period, the fees we paid to third parties for disposal of hazardous materials and wastes amounted to approximately RMB31,000. In accordance with the relevant laws and regulations and our agreements with qualified third parties for hazardous waste disposal, our total target emission volumes of hazardous wastes should not exceed 4.62 tons in 2020, and our actual emission volume was 3.9 tons. We discharge the wastewater generated in our production process to the centralized wastewater disposal facility operated and managed by the industrial park where our manufacturing site is located. Further, we control and treat waste gas emitted

in our production process in accordance with laws and air pollution emission standards, and as audited by a qualified third party, the emission rate and concentration of waste gas during our production process are neglectable and much lower than the thresholds provided in relevant air pollution emission standards.

During the Track Record Period and up to the Latest Practicable Date, we complied with the relevant environmental and occupational health and safety laws and regulations and we did not have any incidents or complaints which had a material and adverse effect on our business, financial condition or results of operations during the period.

Our total expenses on purchase of equipment for environmental protection purposes within the Track Record Period was RMB144,000. Except for such equipment purchase expense, our total cost of compliance with environmental protection and health and safety laws and regulations within the Track Record Period was approximately RMB326,000. We expect our costs of complying with current and future environmental protection and health and safety laws will increase as we expand our manufacturing capacity, while we do not expect the increase in such costs would have any material impact on our financial performance.

As part of our EHS system, we have adopted environmental risk management measures, which help us conduct environmental risk identification and assessment on a regular basis during pollution production, storage and disposal process and in the event of regulatory changes. Upon identification of any environmental risks, our EHS function will conduct investigation, compose risk assessment report and emergency response plan, and file with local governmental authority if required under local laws and regulations, and take all applicable measures to mitigate results of such risks or incidents. In particular, to manage and mitigate climate-related risks, we strictly comply with the GMP qualification requirements and relevant pollutant emission standards during our production process, and we engage third-parties to periodically assess our emission of waste gas to ensure the compliance with air pollutant emission standards. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any environment or social risks that have or potentially have a material impact on our business operations or financial results.

INSURANCE

We maintain insurance policies that we consider to be in line with market practice and adequate for our business. Our principal insurance policies cover property loss due to accidents or natural disasters and personal injury. We also maintain insurance for adverse events in clinical trials. We currently do not maintain product liability insurance mainly as we had no commercialized product as of the Latest Practicable Date. We intend to purchase product liability insurance when our drug candidates approach the commercialization stage. Furthermore, we currently do not maintain key person insurance. As a pre-revenue Biotech Company, we adopt a cost-efficient model and focus the uses of our capital resources on the development of our product candidates, which is critical to our business. Therefore, we did not purchase such insurance.

We consider that the coverage from the insurance policies maintained by us is adequate for our present operations and is in line with the industry norm. During the Track Record Period, we had not made, or been the subject of, any material insurance claims. With our continuous development of product candidates and expected commercial launch of products, we may re-evaluate and consider to expand our insurance coverage in the future to the extent necessary for our business operations, including product liability insurance and key person insurance.

PERMITS, LICENSES AND OTHER APPROVALS

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations. The table below sets forth the relevant details of the material license we hold for our operations in China:

License/Permit	Holder	Issuing Authority	Issue Date	Expiration Date
Drug Manufacturing License (藥品生產許可證)	Chengdu Kangnuo Xing	SiChuan Medical Products Administration	December 31, 2019	December 30, 2024

LEGAL PROCEEDINGS AND COMPLIANCE

As of the Latest Practicable Date, we were not a party to any actual or threatened legal or administrative proceedings which would have a material and adverse impact on our business, financial condition or results of operations. 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.

Our PRC Legal Advisers confirmed that during the Track Record Period and up to the Latest Practicable Date, we had complied with applicable PRC laws and regulations in all material aspects. Our Directors confirmed that we were not involved in any material or systemic non-compliance incidents.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We are exposed to various risks in our business operations and we recognize that risk management is critical to our success. Please refer to the section headed "Risk Factors" for a discussion of various operational risks and uncertainties we face. We are also exposed to

various market risks, in particular, credit, liquidity, interest rate and currency risks that arise in the normal course of our business. Please refer to "Financial Information – Market Risk Disclosure" for a discussion of these market risks.

We have adopted a series of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. Risks identified by management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by our Group and reported to our Directors. Our audit committee, and ultimately our Directors supervise the implementation of our risk management policies.

To monitor the ongoing implementation of risk management policies and corporate governance measures after the Listing, we have adopted or will continue to adopt, among other things, the following risk management measures:

- 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 light of our corporate risk tolerance; and (v) monitoring and ensuring the appropriate application of our risk management framework across our Group.

- Our Board will be responsible for (i) formulating our risk management policy and reviewing major risk management issues of our Company; (ii) providing guidance on our risk management approach to the relevant departments in our Company; (iii) reviewing the relevant departments' reporting on key risks and providing feedbacks; (iv) supervising the implementation of our risk management measures by the relevant departments; and (v) 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 (the "**Internal Control Consultant**") to perform certain procedures (the "**Internal Control Review**") in connection with the internal control during the period from January 1, 2020 to December 31, 2020 of our Company and our major operating subsidiaries in certain aspects, including financial reporting and disclosure controls, corporate-level control, human resources and payroll management, general controls of IT system and other procedures of our operations. The Internal Control Consultant performed the Internal Control Review on January 4, 2021 and follow-up reviews on March 8, 2021. As of the Latest Practicable Date, there were no material outstanding issues relating to our Group's internal control.

During the Track Record Period, we regularly reviewed and enhanced our internal control system. Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have adopted various measures and procedures regarding 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, please refer to the paragraph headed "– 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 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 Somerley Capital Limited as our compliance adviser to provide advice to our Directors and management team until we distribute our annual report of financial results for the first full fiscal year after the Listing regarding matters relating to the Listing Rules. We must consult with and if necessary, seek advice from our compliance adviser where we propose to use the proceeds of the Global

Offering in a manner different from the section headed "Future Plans and Use of Proceeds" in this prospectus after the Listing. Our compliance adviser will also provide support and advice regarding requirements of relevant regulatory authorities in a timely fashion.

- We plan to provide various and continuing trainings to update our Directors, senior management, and relevant employees on the latest PRC laws and regulations from time to time with a view to proactively identify any concerns and issues relating to any potential non-compliance.

- We intend to maintain strict anti-corruption policies among our sales personnel and distributors in our sales and marketing activities and we believe we will therefore be less affected by the increasingly stringent measures taken by the PRC government to correct corruptive practices in the pharmaceutical industry. We will also ensure that our sales and marketing personnel comply with applicable promotion and advertising requirements, which include restrictions on promoting drugs for unapproved uses or patient populations, also known as off-label use, and limitations on industry-sponsored scientific and educational activities.

You should read the following discussion and analysis in conjunction with our audited consolidated financial information, included in the Accountants' Report in Appendix I to this prospectus, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with 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 our assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are a biotechnology company with multiple clinical-stage assets, each of them being the leading contender within its respective competitive landscape. We primarily focus on the in-house discovery and development of innovative biological therapies while collaborating with other biotechnology companies to address some large underserved medical needs in the autoimmune and oncology therapeutic areas, such as atopic dermatitis, asthma, chronic rhinosinusitis and gastric cancer.

Based on a solid foundation in biomedical research, we have built in-house drug discovery and development technologies that are complemented by our collaboration with other biotechnology companies. These comprise an innovative antibody discovery platform and a proprietary novel T cell engager (nTCE) bispecific antibody platform. Within less than five years of our founding, we have been able to consistently discover and develop new drug candidates in underserved and challenging disease areas. There are now nine IND-enabling and clinical stage drug candidates, including five in clinical stage, in our internally-developed pipeline.

We currently have no products approved for commercial sale and have not generated any revenue from product sales. We have never been profitable and have incurred operating losses in each year since our inception. In 2019 and 2020, we had total comprehensive loss of RMB167.5 million and RMB818.8 million, respectively. Our total comprehensive loss mainly resulted from research and development expenses, administrative expenses, as well as fair value losses on convertible redeemable preferred shares.

We expect to incur an increased amount of operating expenses for at least the next several years as we further our pre-clinical research, continue the clinical development of, seek regulatory approval for and manufacture, our drug candidates, launch our pipeline products,

and add personnel necessary to operate our business. 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 development status of our drug candidates, regulatory approval timeline and commercialization of our drug candidates after approval.

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with IFRSs, which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). All IFRSs effective for the accounting period commencing from January 1, 2020, together with the relevant transitional provisions, have been adopted by our Group in the preparation of the historical financial information throughout the Track Record Period. The historical financial information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each of the Track Record Period.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, many of which may be beyond our control. A discussion of the key factors is set out below.

Commercialization of Our Drug Candidates

Our business and results of operations are dependent on our receipt of regulatory approval for and successful commercialization of our drug candidates. We primarily focus on the in-house discovery and development of innovative biological therapies while collaborating with other pharmaceutical and biotechnology companies to address some large underserved medical needs in the autoimmune and oncology therapeutic areas, such as in atopic dermatitis, asthma, chronic rhinosinusitis and gastric cancer, and our five clinical-stage drug candidates are each among the first three in its class and/or for its target to have obtained IND approval in China and/or the U.S. Within less than five years of our founding, we have internally built a pipeline of more than ten drug candidates, including five in clinical stage. Please refer to the section headed "Business" for more details on the development of our various drug candidates.

Once our drug candidates are commercialized, our business and results of operations will be driven by the market acceptance and sales of our commercialized drugs and by our biologics production capacity to meet the commercial demand. Our commercialization strategy for our drug candidates involves building our own commercialization and distribution capabilities, seeking collaboration with leading pharmaceutical companies with relevant experience in global commercialization, and expanding our production capabilities. For more details, please refer to the paragraphs headed "Business – Our Strategies" in this prospectus.

Our Cost Structure

Our results of operations are significantly affected by our costs and expenses, particularly research and development expenses, as well as administrative expenses. Although we recorded substantial fair value losses on convertible redeemable preferred shares, it is a non-cash item and will cease to impact our results of operations upon the Listing when all preferred shares automatically convert to ordinary shares.

Research and development activities are central to our business model. Our research and development expenses primarily consist of pre-clinical study expenses, clinical trial expenses, employee compensation for our research and development personnel, costs associated with procuring raw materials and consumables used in the research and development of our drug candidates, depreciation and amortization expenses and others. In 2019 and 2020, our research and development expenses amounted to RMB64.8 million and RMB127.4 million, respectively.

Our administrative expenses primarily include employee compensation for our administrative personnel, depreciation and amortization expenses, short-term leases, professional service fees, travelling expenses and others. In 2019 and 2020, our administrative expenses amounted to RMB15.2 million and RMB21.5 million, respectively.

We expect our cost structure to evolve as we continue to develop and expand our business. As the clinical trials of our drug candidates continue to progress and as we continue to enrich our pipeline products, we expect to incur additional costs in relation to CRO fees, raw materials procurement, manufacturing, and sales and marketing, among other things. Moreover, as we are constructing new facilities for research and development, manufacturing and general administration, we expect to incur additional depreciation costs and utilities in the future. For example, we plan to add an additional 16,000L of manufacturing capacity by 2022. In addition, to support our business growth, we also expect to expand our headcount, particularly for our research and development team and commercialization team, and incur higher employee costs as a result. Additionally, we anticipate increasing legal, compliance, accounting, insurance and investor and public relations expenses associated with being a public company in Hong Kong.

Milestone Payments and Royalties

Although we did not recognize significant income for research and development activities during the Track Record Period, we expect to generate income from research and development services or collaboration in the future. Our ability to achieve the relevant milestone events will affect the timing and amount of milestone payments and royalties.

On March 10, 2021, we entered into an exclusive license agreement (the "CSPC Agreement") with Shanghai JMT-BIO Technology Co., Ltd, a wholly-owned subsidiary of CSPC Pharmaceutical Group Limited ("CSPC"), to develop and commercialize CM310 for the treatment of moderate and severe asthma, COPD and other respiratory diseases (the "Field") in China (excluding Hong Kong, Macau, or Taiwan) (the "Territory"). Pursuant to the CSPC Agreement, we are entitled to receive upfront payments, milestone payments and royalty

payments. Moreover, CSPC is obligated to pay us development milestones of up to RMB100 million based on the development process of CM310 and sales milestones of up to RMB200 million upon the achievement of sales targets. CSPC will also be required to pay us tiered royalties ranging from high single to low double digits on the net sales of CM310 sold in the Territory. Please refer to the paragraphs headed "Business – Collaboration Agreements – Collaboration with CSPC" for further details of the CSPC Agreement.

On June 1, 2020, we entered into a license and collaboration agreement ("InnoCare License Agreement") with Beijing InnoCare Pharma Tech Co., Ltd. ("InnoCare"), pursuant to which we agreed to grant InnoCare and its affiliates an exclusive, sub-licensable, royalty-free license for 50% ownership of all biologic products that constitute, comprise or contain CM355 (the "Licensed Products") under the relevant patent rights to co-develop, manufacture and commercialize the Licensed Products globally. In consideration of the license granted by us to InnoCare, InnoCare agreed to pay us upfront payment and milestone payment. Please refer to the section headed "Business – Collaboration Agreements – Collaboration with InnoCare" for further details of the InnoCare License Agreement.

Funding for Our Operations

During the Track Record Period, we funded our operations primarily through private equity financing. Going forward, in the event of a successful commercialization of one or more of our drug candidates, we expect to fund our operations in part with revenue generated from sales of our commercialized drug products. However, with the continuing expansion of our business, we may require further funding through public or private offerings, debt financing, collaboration and licensing arrangements or other sources. Any fluctuation in the funding for our operations will impact our cash flow plan and our results of operations.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations is based on our financial information, which have been prepared in accordance with accounting principles that conform with IFRSs issued by the IASB. The preparation of these financial information requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, 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 significant 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 significant 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 significant accounting policies and estimates are summarized below. Please refer to note 2.3 and note 3 to the Accountants' Report set out in the Appendix I to this prospectus for a detailed description of our significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations.

Significant Accounting Policies

Fair Value Measurement

Our Group measures certain financial instruments at fair value at the end of each financial year. 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 our 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.

Our Group uses 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 the 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
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 the financial information on a recurring basis, our Group determines 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 financial year.

As at December 31, 2019 and 2020, level 3 instruments of our financial liabilities included our convertible redeemable preferred shares at fair value through profit or loss. We issued Series Pre-A Preferred Shares, Series A Preferred Shares and Series B Preferred Shares during the Track Record Period. The preferred shares are designated as financial liabilities at fair value through profit or loss on the consolidated balance sheet. They are initially recognized at fair value and the increases in the fair value are recognized as fair value losses on the consolidated statements of comprehensive loss. For more details, please refer to the paragraphs headed "– Discussion of Certain Selected Items from the Consolidated Statements of Financial Position – Convertible Redeemable Preferred Shares" in this section.

In relation to the valuation of our convertible redeemable preferred shares during the Track Record Period, our Directors adopted the following procedures: (i) reviewed the terms of the relevant agreements; (ii) reviewed the relevant fair value measurement assessment presented by our finance personnel and carefully considered all information available and considered various applicable valuation techniques in determining the valuation of the convertible redeemable preferred shares; (iii) engaged a third-party valuer for the valuation of the convertible redeemable preferred shares, and provided all material documents and information to the valuer which were true, accurate and complete that were likely to affect the valuation to ensure that the valuation took into account all relevant matters; and (iv) reviewed the valuation results prepared by the valuer. Based on the above procedures, our Directors are of the view that the valuation analysis performed by the valuer is fair and reasonable, and the financial statements of our Group are properly prepared.

Details of the fair value measurement of the level 3 financial instruments, particularly the fair value hierarchy, the valuation techniques, significant unobservable inputs and the relationship of unobservable inputs to fair value, are disclosed in note 31 to the historical financial information of our Group for the Track Record Period as set out in the Accountants' Report in Appendix I.

The Joint Sponsors have conducted the following independent due diligence work in relation to the level 3 fair value measurement: (i) discussed and interviewed with the external appraiser about the assumptions and methodology used for this valuation; (ii) obtained and reviewed the credentials of the external appraiser to ascertain its expertise and industry experience; (iii) discussed and interviewed with the Company to understand the key basis and assumptions for the valuation of the financial liabilities; and (iv) discussed and interviewed with the Reporting Accountants in respect of audit procedure conducted regarding the valuation. Based upon the due diligence work conducted by the Joint Sponsors as stated above, and having considered the confirmation from the Directors, nothing has come to the Joint Sponsors' attention that would cause the Joint Sponsors to question the valuation performed by the external appraiser and the Company.

Leases

Our 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.

Our Group as a lessee

Our Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. Our 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

Right-of-use assets are recognised 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 any 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises	2 to 9 years

If ownership of the leased asset transfers to our Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(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 our Group and payments of penalties for termination of a lease, if the lease term reflects our Group exercising the option to terminate the lease. 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, our 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 and leases of low-value assets

Our Group applies the short-term lease recognition exemption to its short-term leases of office (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). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Research and Development Costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when our 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.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in case of loans, borrowings and payables, net of directly attributable transaction costs.

Our Group's financial liabilities include trade payables, financial liabilities included in other payables and accruals, amounts due to related parties, and convertible redeemable preferred shares and other financial liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, trade payables, financial liabilities included in other payables and accruals, other financial liabilities and amounts due to related parties 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 and other comprehensive income 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 and other comprehensive income.

Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL include convertible redeemable preferred shares.

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 profit or loss, except for the gains or losses arising from our 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 profit or loss does not include any interest charged on these financial liabilities. Our 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 23 to the Appendix I.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liabilities is discharged or cancelled, or expires.

When an existing financial liabilities is replaced by another from the same lender on substantially different terms, or the terms of an existing liabilities are substantially modified, such an exchange or modification is treated as a derecognition of the original liabilities and a recognition of a new liabilities, and the difference between the respective carrying amounts is recognised in profit or loss.

Significant Accounting Judgements and Estimates

Research and development expenses

All research expenses are charged to the statement of profit or loss and other comprehensive income as incurred. Expenses incurred on each pipeline to develop new products are capitalized and deferred in accordance with the accounting policy for research and development expenses in note 2.3 to the Accountants' Report. Determining the amounts to be capitalized requires management to make judgments on the technical feasibility of existing pipelines to be successfully commercialized and bring economic benefits to the company.

Fair value of convertible redeemable preferred shares and other financial liabilities measured at FVTPL

The fair value of the convertible redeemable preferred shares measured at FVTPL is determined using valuation techniques, including the discounted cash flow method, the Backsolve method and the equity allocation model. Such valuation requires our Group to make estimates of the key assumptions include the risk-free interest rate, discounts for lack of marketability ("DLOM") and volatility, which are subject to uncertainty.

The fair value of convertible redeemable preferred shares as of December 31, 2019 and 2020 was RMB733.3 million and RMB1,385.8 million, respectively. Further details of are included in notes 23 to the Accountants' Report.

DESCRIPTION OF SELECTED COMPONENTS OF STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth selected components of our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	Year Ended December 31,	
	2019	**2020**
	(in thousands of RMB)	
Other income and gains	15,645	41,190
Research and development expenses	(64,812)	(127,400)
Administrative expenses	(15,158)	(21,548)
Fair value losses on convertible redeemable preferred shares	(97,212)	(696,470)
Other expenses	(298)	(31)
Finance costs	(5,677)	(14,309)
Listing expense	–	(280)

	Year Ended December 31,	
	2019	2020
	(in thousands of RMB)	
Loss before tax	(167,512)	(818,848)
Income tax expense	–	–
Total comprehensive loss for the year	(167,512)	(818,848)
Attributable to:		
Owners of the parent	(167,512)	(818,583)
Non-controlling interests	–	(265)

Other Income and Gains

During the Track Record Period, other income and gains primarily consisted of government grants, interest income on other investments classified as financial assets at FVTPL, interest income and net gain on exchange differences. Government grants mainly represent subsidies received from the local government authorities for the purpose of reimbursing our expenses on research and clinical trial activities, developing new drug candidates and providing financial supports for talent recruitments. Most of our government grants during the Track Record Period were granted by the government authorities on a one-off basis. Interest income on other investments classified as financial assets at FVTPL mainly represent interest income from our investment in wealth management products. For more details, please refer to the paragraphs headed "– Discussion of Certain Selected Items from the Consolidated Statements of Financial Position – Other Investments Classified as Financial Assets at FVTPL" in this section. Interest income mainly represents interest on our cash and time deposits. Net gain on exchange differences represents exchange gains, net of exchange losses, in relation to the impact of foreign currency translation.

The following table summarizes a breakdown of our other income and gains for the periods indicated:

	Year Ended December 31,	
	2019	2020
	(in thousands of RMB)	
Other income:		
Government grants income	12,764	13,761
Interest income on other investments classified as financial assets at FVTPL	1,023	2,160
Interest income	94	3,323
Research service income	361	–

	Year Ended December 31,	
	2019	2020
	(in thousands of RMB)	
Gains:		
Fair value gains on other investments classified as financial assets at FVTPL	363	162
Gain on exchange differences, net	1,040	21,784
Total	15,645	41,190

Research and Development Expenses

During the Track Record Period, our research and development expenses consisted of (i) expenses incurred in connection with pre-clinical and clinical studies, including third-party contracting costs with respect to the engagement of CROs, clinical trial sites and other service providers in connection with our research and development activities, (ii) employee compensation for our research and development employees, (iii) expenses for procuring raw materials and consumables used in the research and development of our drug candidates, and (iv) depreciation and amortization of property, plant and equipment and other intangible assets related to research and development activities.

The following table below sets forth a breakdown of our research and development expenses in absolute amounts and as percentages of the total research and development expenses for the periods indicated:

	Year Ended December 31,			
	2019		2020	
	RMB	*%*	*RMB*	*%*
	(in thousands, except percentages)			
Pre-clinical study expenses	11,798	18.1	39,525	31.1
Clinical trial expenses	5,034	7.8	9,065	7.1
Employee compensation	15,361	23.7	23,572	18.5
Raw material and consumables	17,098	26.4	33,568	26.3
Depreciation and amortisation	11,084	17.1	17,309	13.6
Others	4,437	6.9	4,361	3.4
Total	64,812	100.0	127,400	100.0

Administrative Expenses

During the Track Record Period, our administrative expenses consisted of (i) employee benefits expenses mainly relating to salaries and other welfare for our administrative employees, (ii) depreciation and amortization expenses of our office for operating activities; (iii) short term leases for operating activities; (iv) professional services fees paid to legal counsel, agents, other professional service providers and auditor's remuneration incurred in connection with business operations, and (v) travelling expenses of our administrative employees.

The following table sets forth a breakdown of our administrative expenses in absolute amounts and as percentages of the total administrative expenses for the periods indicated:

	Year Ended December 31,			
	2019		2020	
	RMB	*%*	*RMB*	*%*
	(in thousands, except percentages)			
Employee compensation	5,171	34.1	9,503	44.2
Depreciation and amortization	1,215	8.0	1,683	7.8
Short-term leases	1,026	6.8	1,706	7.9
Professional services	2,169	14.3	2,933	13.6
Travelling expenses	1,323	8.7	778	3.6
Others	4,254	28.1	4,945	22.9
Total	15,158	100.0	21,548	100.0

Fair Value Losses on Convertible Redeemable Preferred Shares

Our fair value losses on convertible redeemable preferred shares amounted to RMB97.2 million and RMB696.5 million in 2019 and 2020, respectively. Fair value losses on convertible redeemable preferred shares consist of fair value losses on the Series Pre-A Preferred Shares, Series A Preferred Shares and Series B Preferred Shares, which we issued during the Track Record Period. For more details, please refer to the paragraphs headed "History, Development and Corporate Structure – Corporate Development" in this prospectus.

The preferred shares are designated as financial liabilities at fair value through profit or loss on the consolidated balance sheet. They are initially recognized at fair value and the increases in the fair value are recognized as fair value losses on the consolidated statements of comprehensive loss. We expect to continue to recognize fair value losses on convertible redeemable preferred shares for the period from December 31, 2020 and up to the Listing Date. Upon the Listing, all preferred shares will automatically convert to ordinary shares and we do not expect to recognize any loss or gain on fair value changes of convertible redeemable

preferred shares thereafter. For more details, please refer to Notes 23 of Appendix I to this prospectus. For certain risks relating to our convertible redeemable preferred shares, please refer to the paragraphs headed "Risk Factors – Risks relating to Our Financial Position and Need for Additional Capital – Fair value changes on our convertible redeemable preferred shares and related valuation uncertainty had materially affected, and may continue to materially affect, our financial condition and results of operations until the Listing" in this prospectus.

Other Expenses

During the Track Record Period, other expenses primarily consisted of other non-operating expenses. We did not have significant other expenses during the Track Record Period.

Finance Costs

During the Track Record Period, our finance costs consisted implicit interest on other financial liabilities, interest on lease liabilities and interest on amounts due to related parties. Implicit interest on other financial liabilities represents the changes in the present value of exercise price related to the investment by non-controlling shareholders in Chengdu Kangnuo Xing. In July 2019 and March 2020, two third parties (the "domestic investors") acquired 16.6667% and 2.4390% equity interests in Chengdu Kangnuo Xing, respectively, for a total cash consideration of RMB115.0 million. Based on the terms of the agreement, the equity interest in Chengdu Kangnuo Xing held by domestic investors can be transferred back to Chengdu Kangnuo Xing on pre-agreed price. For more details, please refer to note 24 in the Appendix I to this prospectus. Interest on lease liabilities represents the accretion of interests related to lease liabilities. Interest on amounts due to related parties mainly relates to our borrowing from I CARE, a related party. For more details of our borrowings from I CARE, please refer to the paragraphs headed "– Related Party Transactions" in this section.

The following table summarizes a breakdown of finance costs for the periods indicated:

	Year Ended December 31,	
	2019	**2020**
	(in thousands of RMB)	
Implicit interest on other financial liabilities	3,822	12,814
Interest on lease liabilities	1,375	1,255
Interest on amounts due to related parties	480	240
Total	5,677	14,309

Listing Expense

Listing expense represents expense incurred for our proposed listing. In 2019 and 2020, we recorded listing expense of nil and RMB280,000, respectively.

Income Tax Expense

Cayman Islands

Under the current laws of the Cayman Islands, our Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by our Company to its shareholders, no Cayman Islands withholding tax is imposed.

British Virgin Islands

Under the current laws of BVI, our subsidiary incorporated in BVI is not subject to tax on income or capital gains. In addition, upon payments of dividends to us, no BVI withholding tax is imposed.

Hong Kong

Our subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on any estimated assessable profits arising in Hong Kong during the Track Record Period. No provision for Hong Kong profits tax has been made as our subsidiary incorporated in Hong Kong has no assessable profits derived from or earned in Hong Kong during the Track Record Period.

Mainland China

The provision for the mainland China current income tax is based on the statutory rate of 25% of the assessable profits of our subsidiaries which operate in the mainland China as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on January 1, 2008.

United States of America

Our U.S. subsidiary is subject to statutory U.S. federal corporate income tax at a rate of 21% on any estimated assessable profits arising in the U.S. during the Track Record Period. It is also subject to the state income tax in Delaware at a rate of 6.6% during the Track Record Period.

We did not record any income tax expense during the Track Record Period. Our Directors confirm that during the Track Record Period, we had made all the required tax filings and had paid all outstanding tax liabilities with the relevant tax authorities in the relevant jurisdictions and we are not aware of any outstanding or potential disputes with such tax authorities.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year ended December 31, 2020 Compared to the Year ended December 31, 2019

Other Income and Gains

Other income and gains increased from RMB15.6 million in 2019 to RMB41.2 million in 2020, primarily attributable to increases in net gain on exchange differences of RMB20.7 million, interest income of RMB3.2 million, and interest income on other investments classified as financial assets at FVTPL of RMB1.1 million. The increase in net gain on exchange differences was due to the depreciation of U.S. dollars against RMB. The increase in interest income was primarily due to interest generated from the deposit of proceeds from our Series B preferred share issuance. The increase in interest income on other investments classified as financial assets at FVTPL was due to increasing level of wealth management product maintained by us.

Research and Development Expenses

Research and development expenses increased from RMB64.8 million in 2019 to RMB127.4 million in 2020, mainly attributable to (i) an increase in pre-clinical study expenses of RMB27.7 million primarily associated with increased costs in animal tests, which was in line with our continuous development of drug candidates, (ii) an increase in clinical trial expenses of RMB4.0 million primarily in relation to the clinical development of CM310 and CMG901, (iii) an increase in employee compensation of RMB8.2 million primarily as we recruited an increased number of R&D employees to further enhance our R&D capability, (iv) an increase in raw material and consumables of RMB16.5 million primarily due to the increase in the number of drug candidates under research and development as well as the advancement of research and development stages for our drug candidates, and (v) an increase in the depreciation and amortization of RMB6.2 million primarily in relation to the acquisition of the new tangible assets as well as the completion of new offices' decoration.

Administrative Expenses

Administrative expenses increased from RMB15.2 million in 2019 to RMB21.5 million in 2020, mainly attributable to an increase in employee compensation expenses of RMB4.3 million due to an increased number of administrative personnel and increased level of compensation as a result of our business expansion.

Fair Value Losses on Convertible Redeemable Preferred Shares

Fair value losses on convertible redeemable preferred shares increased from RMB97.2 million in 2019 to RMB696.5 million in 2020, primarily due to the increase in our Company's value.

Finance Costs

Finance costs increased from RMB5.7 million in 2019 to RMB14.3 million in 2020, which were primarily attributable to an increase in the implicit interest on other financial liabilities of RMB9.0 million as a result of an increase in the present value of exercise price related to the investment by non-controlling shareholders in Chengdu Kangnuo Xing.

Listing Expense

Listing expense increased from nil in 2019 to RMB280,000 in 2020, which was mainly related to our proposed Listing.

Total Comprehensive Loss for the Year

As a result of the foregoing, total comprehensive loss for the year increased from RMB167.5 million in 2019 to RMB818.8 million in 2020.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,	
	2019	**2020**
	(in thousands of RMB)	
Total non-current assets	140,173	149,028
Total current assets	518,405	380,917
Total assets	658,578	529,945
Total current liabilities	71,590	80,240
Net current assets	446,815	300,677
Total non-current liabilities	862,943	1,544,508
Total liabilities	934,533	1,624,748
Net liabilities	(275,955)	(1,094,803)
Equity		
Share capital	45	45
Deficits	(276,000)	(1,094,583)
Non-controlling interests	–	(265)
Total deficit	(275,955)	(1,094,803)

We recorded net liabilities of RMB276.0 million and RMB1,094.8 million as of December 31, 2019 and 2020, respectively, mainly attributable of our convertible redeemable preferred shares of RMB733.3 million and RMB1,385.8 million as of December 31, 2019 and December 31, 2020, respectively. We expect to reverse our net liabilities position following the completion of the Global Offering, since our preferred shares will convert to ordinary shares and will no longer be recorded as liabilities.

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,		As of April 30,
	2019	2020	2021
	(in thousands of RMB)		
			(unaudited)
Current assets			
Inventories	3,306	6,846	19,208
Prepayments, other receivables and other assets	16,150	19,989	56,206
Other investment classified as financial assets at FVTPL	66,341	10,394	23,230
Time deposits	–	144,279	143,237
Cash and bank balances	432,608	199,409	845,854
Total current assets	518,405	380,917	1,087,735
Current liabilities			
Trade payables	3,478	3,418	4,954
Other payables and accruals	14,495	19,398	32,132
Accounts due to related parties	47,747	42,373	–
Deferred income	1,440	2,873	2,573
Contract liabilities	–	8,000	8,000
Lease liabilities	4,430	4,178	5,970
Total current liabilities	71,590	80,240	53,629
Net current assets	446,815	300,677	1,034,106

Inventories

We recorded inventories of RMB3.3 million and RMB6.8 million as of December 31, 2019 and 2020, respectively. Our inventories mainly consisted of raw materials for the research and development of our drug candidates during the Track Record Period. The increase from RMB3.3 million as of December 31, 2019 to RMB6.8 million as of December 31, 2020 was primarily attributable to the continuous research and development of our drug candidates.

We regularly monitor our inventory to reduce the risk of overstocking. Our Directors confirm that our inventory control system and policies have been effective and we did not experience any material shortage in supply or overstock of inventory during the Track Record Period and up to the Latest Practicable Date.

Prepayments, Other Receivables and Other Assets

The current portion of our prepayments, other receivables and other assets primarily consists of prepaid research and development expenses, and other receivables. The following table sets forth the breakdown of the current portion of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,	
	2019	**2020**
	(in thousands of RMB)	
Prepayments:		
Prepaid research and development expenses	13,276	16,879
Others	1,403	1,422
Other receivables:		
Employee petty cash	61	387
Rental deposits	245	459
Other receivables	1,165	842
Total	16,150	19,989

The current portion of our prepayments, other receivables and other assets increased from RMB16.2 million as of December 31, 2019 to RMB20.0 million as of December 31, 2020, which was primarily attributable to an increase in prepaid research and development expenses of RMB3.6 million, which was primarily due to our enhanced research and development efforts for our drug candidates.

Other Investments Classified as Financial Assets at FVTPL

We recorded other investment classified as financial assets at FVTPL of RMB66.3 million and RMB10.4 million as of December 31, 2019 and 2020, respectively, mainly in relation to our investment in certain wealth management products. The decrease of other investment classified as financial assets at FVTPL from RMB66.3 million as of December 31, 2019 to RMB10.4 million as of December 31, 2020 was mainly attributable to our redemption of a significant amount of investment in wealth management products in 2020 to fund our development of drug candidates and business operations.

As part of our treasury management, we invest in certain wealth management products to better utilize excess cash when our cash sufficiently covers our ordinary course of business. We have implemented a series of internal control policies and rules setting forth overall principles as well as detailed approval process of our investment activities. Under the supervision of our CFO, our finance department is responsible for managing our investment in wealth management products. Before making any investment proposal, our finance department will assess the risk associated with the underlying wealth management products based on the risk classification provided by the issuing licensed commercial bank. We adopt a prudent approach in selecting wealth management products. Our investment decisions are made on a case-by-case basis and after due and careful consideration of a number of factors, such as the duration of investment period and the expected returns. Under our investment policy, we generally limit our purchases to low-risk, short-term products from reputable commercial banks which must not interfere with our daily operation and business prospects. Our purchased wealth management products were denominated in RMB, and were of expected rates of returns ranging from 1.00% to 3.78% per annum. To control our risk exposure, we have in the past sought, and may continue in the future to seek, low-risk wealth management products that provide better investment returns than demand deposits at commercial banks. We manage and evaluate the performance of these investments on a fair value basis in accordance with our risk management and investment strategy. Therefore, these investments in wealth management products were designated as financial assets at FVTPL as of December 31, 2019. Please refer to the paragraphs headed "Risk Factors – Risks relating to Our Financial Position and Need for Additional Capital – We are exposed to risks in connection with the wealth management products we purchased" in this prospectus for more details of risks relating to wealth management products.

Cash and Bank Balances and Time Deposits

Our time deposits represent our deposit with a term ranging from three months to one year at bank. Our time deposits increased from nil as of December 31, 2019 to RMB144.3 million as of December 31, 2020, primarily for the purpose of better utilizing excess cash and receiving stable interest income.

Our cash and bank balances decreased from RMB432.6 million as of December 31, 2019 to RMB199.4 million as of December 31, 2020, mainly as we spent more funds to support the development of our drug candidates and our business operations and the placement of time deposit with reputable PRC banks for the purpose of better utilizing excess cash and receiving stable interest income. For more details, please refer to the paragraphs headed "History, Development and Corporate Structure – Pre-IPO Investments" in this prospectus.

The following table sets forth the cash and bank balances and time deposits as of the dates indicated:

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Cash and bank balances	432,608	199,409
Time deposits	–	144,279
Denominated in		
RMB	131,199	25,582
USD	301,409	318,106
	432,608	343,688

Trade Payables

Trade payables mainly include payables in connection with our purchase of raw materials and consumables. Our suppliers generally grant us a credit term ranging from 30 days to 60 days. Our trade payables remained stable at RMB3.5 million and RMB3.4 million as of December 31, 2019 and 2020, respectively.

The following table sets forth an aging analysis of our trade payables based on the invoice date as of the dates indicated:

	As of December 31,	
	2019	**2020**
	(in thousands of RMB)	
Within 3 months	3,478	2,716
3 to 6 months	–	173
6 months to 1 year	–	209
Over 1 year	–	320
Total trade payables	3,478	3,418

Other Payables and Accruals

Our other payables and accruals primarily consist of payroll payable, accrued research and development expenses, and payables for property, plant and equipment. The table below sets forth the details of our other payables and accruals as of the dates indicated:

	As of December 31,	
	2019	**2020**
	(in thousands of RMB)	
Payroll payable	5,837	11,088
Accrued research and development expenses	631	4,222
Accrued professional fee	129	–
Other tax payables	107	161
Other payables:		
Accrued listing expense	–	350
Payables for property, plant and equipment	6,828	3,202
Others	963	375
Total other payables and accruals	14,495	19,398

Our other payables and accruals increased from RMB14.5 million as of December 31, 2019 to RMB19.4 million as of December 31, 2020, primarily attributable to (i) an increase in payroll payable of RMB5.3 million, primarily due to an increase in the number of employees as well as a general increase in employee salaries and bonus in 2020, (ii) an increase in accrued research and development expenses of RMB3.6 million, primarily due to our increased research and development efforts, which was partially offset by a decrease in payables for property, plant and equipment of RMB3.6 million, primarily as we gradually paid the payables for the purchased plant for Chengdu Kangnuo Xing in 2020.

Amounts Due to Related Parties-non-trade

Our amounts due to related parties consisted of amounts due to Dr. Chen and I CARE Investment Chengdu Co., Ltd. ("I CARE"), a related party controlled by Dr. Chen. Amounts due to related parties decreased from RMB47.7 million as of December 31, 2019 to RMB42.4 million as of December 31, 2020 primarily due to a partial repayment to I CARE in 2020. As of the Latest Practicable Date, we have fully repaid the amounts due to related parties. For more details, please refer to the paragraphs headed "– Related Party Transactions" and "– Indebtedness" in this section.

Contract Liabilities

We did not have any contract liabilities as of December 31, 2019. We had contract liabilities of RMB8 million as of December 31, 2020, which was related to the payment received under a license and collaboration agreement (the "InnoCare Collaboration Agreement") we entered into with InnoCare. Please refer to the paragraphs headed "Business

– Collaboration Agreements – Collaboration with InnoCare" for further details. The payment was recorded as contract liabilities and is expected to be recognized as income upon completion of the IND-enabling study of CM355.

Convertible Redeemable Preferred Shares

We recorded convertible redeemable preferred shares of RMB733.3 million and RMB1,385.8 million as of December 31, 2019 and 2020, respectively. Our convertible redeemable preferred shares consist of our issued Series Pre-A Preferred Shares, Series A Preferred Shares and Series B Preferred Shares during the Track Record Period. For more details, please refer to the paragraphs headed "History, Development and Corporate Structure – Corporate Development" in this prospectus. The movements of our convertible redeemable preferred shares are set out below:

	Series Pre-A Preferred Shares		**Series A Preferred Shares**		**Series B Preferred Shares**		**Total**
	Number of shares	*RMB'000*	*Number of shares*	*RMB'000*	*Number of shares*	*RMB'000*	*RMB'000*
As of January 1, 2019	15,044,618	43,642	32,000,000	179,923	–	–	223,565
Issue	–	–	–	–	36,615,855	410,500	410,500
Foreign exchange Losses/(gains)	–	719	–	2,962	–	(1,695)	1,986
Changes in fair value	–	49,436	–	47,776	–	–	97,212
As of December 31, 2019 and January 1, 2020	15,044,618	93,797	32,000,000	230,661	36,615,855	408,805	733,263
Issue	–	–	–	–	312,422	3,475	3,475
Foreign exchange gains	–	(6,068)	–	(14,922)	–	(26,446)	(47,436)
Changes in fair value	–	121,668	–	266,837	–	307,965	696,470
As of December 31, 2020	15,044,618	209,397	32,000,000	482,576	36,928,277	693,799	1,385,772

KEY FINANCIAL RATIOS

The table below sets forth the key financial ratios of our Group as of the dates indicated:

	As of December 31,	
	2019	**2020**
Current ratio[(1)]	7.2	4.7

Note:

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

Current ratio decreased from 7.2 as of December 31, 2019 to 4.7 as of December 31, 2020, mainly attributable to a decrease in the combined balance of cash and bank balances and time deposits.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund the pre-clinical and clinical development of our drug candidates, our payment for the purchase of property, plant and equipment, administrative expenses and other recurring expenses. Our net cash used in operating activities was RMB68.4 million and RMB119.4 million in 2019 and 2020, respectively, which was primarily attributable to the research and development expenses we incurred during the Track Record Period in relation to our continuous development of drug candidates without generating any revenue from sales of our drug candidates. Our operating cash flow will continue to be affected by our research and development expenses. We expect to improve our net operating cash outflows position following the approval and commercialization of our drug candidates in the future. During the Track Record Period and up to the Latest Practicable Date, we have primarily funded our working capital requirements through proceeds from private equity financing. Our management closely monitors uses of cash and cash balances and strives to maintain a healthy liquidity for our operations. Going forward, we believe our liquidity requirements will be satisfied by a combination of net proceeds from the Global Offering and cash generated from our operations. As of December 31, 2020, our cash and bank balances and time deposits amounted to RMB343.7 million.

Cash Flows

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

	Year Ended December 31,	
	2019	**2020**
	(in thousands of RMB)	
Cash outflow from operating activities before movements in working capital	(61,434)	(119,174)
Changes in working capital	(6,945)	(187)
Interest paid and/or tax paid	–	–
Net cash flows used in operating activities	(68,379)	(119,361)
Net cash flows used in investing activities	(58,020)	(113,067)
Net cash flows from financing activities	505,066	7,397
Net increase/(decrease) in cash and cash equivalents	378,667	(225,031)
Cash and cash equivalents at beginning of year	48,799	432,608
Effect of foreign exchange rate changes, net	5,142	(8,168)
Cash and cash equivalents at end of year	432,608	199,409

Net Cash Flows Used in Operating Activities

In 2020, our net cash flows used in operating activities were RMB119.4 million, which was primarily attributable to loss before tax of RMB818.8 million, as adjusted to add back certain non-cash items, primarily including fair value losses of convertible redeemable preferred shares of RMB696.5 million.

In 2019, our net cash flows used in operating activities were RMB68.4 million, which was primarily attributable to loss before tax of RMB167.5 million, as adjusted to add back certain non-cash items, primarily including fair value losses of convertible redeemable preferred shares of RMB97.2 million.

Net Cash Flows Used in Investing Activities

In 2020, our net cash flows used in investing activities were RMB113.1 million, primarily attributable to placement of time deposits with maturity dates over three months, net of withdrawal of time deposits with maturity dates over three months, of RMB161.0 million, partially offset by proceeds from disposal of wealth management products, net of new purchases of wealth management products, of RMB56.1 million.

In 2019, our net cash flows used in investing activities were RMB58.0 million, primarily attributable to purchases of property, plant and equipment of RMB62.3 million, which were primarily related to the construction of manufacturing plant by Chengdu Kangnuo Xing.

Net Cash Flows from Financing Activities

In 2020, our net cash flows from financing activities were RMB7.4 million, which were primarily attributable to proceeds from the disposal of a subsidiary without losing control of RMB15.0 million, which were related to the sale of 2.4390% equity interests in Chengdu Kangnuo Xing to an investor.

In 2019, our net cash flows from financing activities were RMB505.1 million, which were primarily attributable to proceeds from the issuance of preferred shares of RMB410.5 million, which were related to the issuance and sale of our Series B Preferred Shares, and proceeds from the disposal of a subsidiary without losing control of RMB100.0 million, which were related to the sale of 16.6667% equity interests in Chengdu Kangnuo Xing to an investor.

CASH OPERATING COSTS

The following table sets forth our cash operating costs for the periods indicated:

	Year Ended December 31,	
	2019	**2020**
	(in thousands of RMB)	
Costs relating to research and development of our Core Product		
Pre-clinical trial expenses	8,361	4,834
Clinical trial expenses	4,332	6,684
Raw material expenses	2,150	7,366
Employee benefit expenses	1,080	1,634
Others	374	895
Costs relating to research and development of our other product candidates		
Pre-clinical trial expenses	10,254	39,013
Clinical trial expenses	–	1,125
Raw material expenses	11,894	26,799
Employee benefit expenses	11,726	16,185
Others	4,063	3,466
Workforce employment cost[(1)]	3,597	5,754
Non-income taxes, royalties and other governmental charges	–	71
Contingency allowances[(2)]	–	–
Product marketing[(3)]	–	–

Notes:

(1) Workforce employment cost represents total non-research and development personnel costs mainly including salaries and benefits.

(2) We did not have any contingency allowances during each of the Track Record Period.

(3) We had not commenced product sales as of the Latest Practicable Date.

WORKING CAPITAL CONFIRMATION

The Directors are of the opinion that, taking into account of the financial resources available to us, including cash and bank balances and time deposits, the expected upfront and milestone payments from our business collaborators, and the estimated net proceeds from the Global Offering, and our cash burn rate, we have sufficient working capital to cover at least 125% of our costs, including research and development costs, business development and marketing expenses, and administrative and operating costs for at least the next 12 months from the date of this prospectus.

Our Directors believe that, by taking into account our cash and cash equivalents of RMB199.4 million as of December 31, 2020, the net proceeds of US$121.0 million (RMB784.0 million) we obtained from our Series C financing in February 2021, and assuming that our cash burn rate going forward will be approximately 6.0 times of the cash burn rate in the year ended December 31, 2020, we can remain financially viable for approximately 54 months from January 1, 2021 if taking into account the estimated RMB2,307.1 million of the net proceeds from the Global Offering (being the lower-end of the indicative Offer Price range of HK$50.50 to HK$53.30 per Share). We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

INDEBTEDNESS

Borrowings

The following table sets forth the borrowings of our Group as of the dates indicated:

	As of December 31,		As of April 30,
	2019	2020	2021
	(in thousands of RMB)		
			(unaudited)
Amounts due to I CARE-non-trade (including principal and interests)	46,247	40,873	–
Amounts due to Dr. Chen-non-trade	1,500	1,500	–
Total	47,747	42,373	–

As of December 31, 2019, December 31, 2020 and April 30, 2021, the outstanding principal and interests of our borrowing from I CARE, a related party controlled by Dr. Chen, amounted to RMB46.2 million, RMB40.9 million and nil, respectively, comprising (a) an outstanding acquisition consideration of RMB35,500,000 and RMB29,888,000 at the end of 2019 and 2020, respectively, in relation to the transfer of registered capital from I CARE to iBridge HK. Pursuant to an equity transfer agreement dated April 9, 2018 entered into between I CARE and iBridge HK, I CARE transferred the registered capital of US$118,741 of Chengdu Keymed, representing all of its equity interest in Chengdu Keymed, to iBridge HK at the consideration of RMB35.5 million. Such amounts due to I CARE were unsecured, interest free and repayable on demand; and (b) an outstanding amount of RMB10,747,000 and RMB10,985,000 at the end of 2019 and 2020, respectively, in relation to the payment of RMB12.0 million made by I CARE on our behalf for our acquisition of Chengdu Huamian in May 2018. Such amounts due to I CARE bore an interest rate of 4% per annum and were payable upon demand. We accrued an accumulated interest of RMB760,000 and RMB1.0 million as at December 31, 2019 and 2020. As of the Latest Practicable Date, we had fully repaid the principal and interests of our borrowings from I CARE.

As of December 31, 2019 and 2020, we had amounts due to Dr. Chen of RMB1.5 million and RMB1.5 million, respectively, which were related to a government subsidy granted to Dr. Chen and received by us on his behalf. We paid the full amount of such government subsidy to Dr. Chen in February 2021.

Except as discussed above, we did not have any material borrowings as of the Latest Practicable Date. As of the Latest Practicable Date, we did not have any unutilized credit facilities.

Lease Liabilities

The following table sets forth the lease liabilities of our Group as of the dates indicated:

	As of December 31,		As of April 30,
	2019	2020	2021
	(in thousands of RMB)		
			(unaudited)
Current	4,430	4,178	5,970
Non-current	24,271	20,314	23,017
Total	28,701	24,492	28,987

CAPITAL EXPENDITURES

We regularly incur capital expenditures to purchase and maintain our property, plant and equipment in order to enhance our development capabilities and expand our business operations. Historically, we have funded our capital expenditures mainly through private equity financing. The following table sets forth our capital expenditures for the periods indicated:

	Year Ended December 31,	
	2019	2020
	(in thousands of RMB)	
Purchases of property, plant and equipment	62,264	19,806
Purchases of intangible assets	38	90
Total	62,302	19,896

We expect to incur capital expenditures in the next five years primarily for the construction of our manufacturing facilities in China. Please refer to the section headed "Future Plans and use of Proceeds" for more details. We plan to fund our planned capital expenditures mainly through net proceeds from the Global Offering, revenue expected to be generated from sales of our products in the future, milestone payments from our collaborators, and other internal financial resources. 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 OBLIGATIONS

Capital Commitments

As of December 31, 2019 and 2020, we had capital commitments contracted, but not yet provided, of RMB10.2 million and RMB2.0 million, respectively, which were related to leasehold improvements.

CONTINGENT LIABILITIES

As of December 31, 2019 and 2020, we did not have any contingent liabilities. We confirm that as of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We had not entered into any off-balance sheet transactions as of the Latest Practicable Date.

RELATED PARTY TRANSACTIONS

The following table sets forth our material transactions or balances with our related parties during the Track Record Period:

(a) Transactions with the related parties

	Year ended December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Interest expenses		
I CARE	480	240

(b) Outstanding balances with related parties:

	As of December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Amounts due to related parties-non-trade		
I CARE	46,247	40,873
Dr. Bo Chen	1,500	1,500
	47,747	42,373

As of December 31, 2019 and 2020, we had amounts due to I CARE of RMB46.2 million and RMB40.9 million, respectively, which were related to (i) an equity transfer agreement dated April 9, 2018 entered into between I CARE and IBridge HK, in which I CARE transferred the registered capital of US$118,741 of Chengdu Keymed, representing all of its equity interest in Chengdu Keymed, to IBridge HK at the consideration of RMB35.5 million; and (ii) a borrowing from I CARE in connection with our acquisition of Chengdu Huamian in May 2018 at the consideration of RMB12 million. For more details, please refer to the paragraphs headed "Indebtedness – Borrowing" above.

As of December 31, 2019 and 2020, we had amounts due to Dr. Chen of RMB1.5 million and RMB1.5 million, respectively, which were related to a government subsidy granted to Dr. Chen and received by us on his behalf. We paid the full amount of such government subsidy to Dr. Chen in February 2021.

It is the view of our Directors our related party transactions during the Track Record Period (i) were conducted in the ordinary and usual course of business and on normal commercial terms between the relevant parties, and (ii) do not distort our Track Record Period results or make our historical results not reflective of future performance.

Details of our transactions with related parties during the Track Record Period are set out in note 29 to the Accountants' Report set out in Appendix I to this prospectus.

MARKET RISK DISCLOSURE

We are exposed to various financial risks, including foreign currency risk, credit risk and liquidity risk. The Directors regularly review and agree policies for managing each of these risks and they are summarized below. For more details, please refer to note 32 to the Accountants' Report set out in the Appendix I to this prospectus.

Foreign Exchange Risk

Foreign exchange risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which we conduct business may affect our financial condition and results of operations. We mainly operate our business in the PRC and incur costs and expenses denominated in RMB. We are exposed to foreign currency risk as a result of certain cash and bank balances and time deposits, and redeemable and convertible preferred shares denominated in non-functional currency. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. For further details, including relevant sensitivity analysis, please refer to note 32 to the Accountants' Report set out in Appendix I to this prospectus.

Credit Risk

The credit risk of our financial assets, which primarily comprise cash and bank balances, time deposits, other investments classified as financial assets at FVTPL, and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty. For financial assets included in prepayments, other receivables and other assets, we make periodic collective assessment as well as individual assessment on the recoverability of such assets based on historical settlement records and past experience. The Directors believe that there is no material credit risk inherent in our outstanding balance. During the Track Record Period, our cash and bank balances were deposited in reputable financial institutions without significant credit risk, and our other investments classified as financial assets at FVPTL were obtained through reputable financial institutions without significant credit risk. For further details, please refer to note 32 to the Accountants' Report set out in Appendix I to this prospectus.

Liquidity Risk

We monitor and maintain a level of cash and bank balances deemed adequate by our management to finance the operations and mitigate the effects of fluctuations in cash flows. For further details, please refer to note 32 to the Accountants' Report set out in Appendix I to this prospectus.

DIVIDEND

No dividend has been declared or paid by entities comprising our Group. We currently expect to retain all future earnings for use in operation and expansion of our business, and do not have any dividend policy to declare or pay any dividends in the foreseeable future. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Law. The declaration and payment of any dividends in the future will be determined by our Board, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. As advised by our Cayman legal adviser, under the Cayman Companies 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 paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business.

We may need dividends and other distributions on equity from our subsidiaries to satisfy our liquidity requirements, including those incorporated in the PRC. Current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their distributable profits. Distributable profits are our PRC subsidiaries' after-tax profits, less any recovery of accumulated losses and appropriations to statutory and other reserves that our PRC subsidiaries are required to make. In addition, our PRC subsidiaries are required to set aside at least 10% of their respective after-tax profits each year to fund statutory reserve until the total amount

set aside reaches 50% of their respective registered capital. Where the aggregate balance of statutory reserve is insufficient to cover loss in the previous financial year, the current financial year's profits shall first be used to cover the loss before any statutory reserve is set aside. Our PRC subsidiaries may also allocate a portion of their after-tax profits to discretional reserve where our PRC subsidiaries have set aside statutory reserve from their after-tax profits, subject to a resolution of the shareholders. These reserves are not distributable as cash dividends. Furthermore, if our PRC subsidiaries incur debt on their own behalf, the instruments governing such debt may restrict their ability to pay dividends or make other payments to us.

DISTRIBUTABLE RESERVES

As of December 31, 2020, we did not have any distributable reserves.

LISTING EXPENSE

Listing expenses to be borne by us are estimated to be approximately HK$160.1 million (5.29% of gross proceeds) (including underwriting commission, assuming an Offer Price of HK$51.90 per Share, being the mid-point of the indicative Offer Price range of HK$50.50 to HK$53.30 per Share), assuming no Shares are issued pursuant to the Over-allotment Option. In 2019 and 2020, listing expenses charged to profit or loss were nil and RMB0.3 million (approximately HK$0.3 million), respectively, and the listing expenses capitalized to deferred listing expenses were nil and RMB0.1 million (approximately HK$0.1 million), respectively. After December 31, 2020, approximately HK$36.5 million is expected to be charged to our consolidated statements of profit or loss, and approximately HK$123.2 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.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of our Group was prepared in accordance with paragraph 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 our Group attributable to owners of the parent as if the Global Offering had taken place on December 31, 2020.

The unaudited pro forma statement of adjusted consolidated net tangible assets of our Group was prepared for illustrative purpose only and, and due to its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group to owners of the parent had the Global Offering been completed as of December 31, 2020 or as of any future dates.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of our Group is prepared based on the audited consolidated net tangible liabilities of our Group attributable to our owners as of December 31, 2020 as derived from the Accountants' Report set out in Appendix I to this prospectus and adjusted as described below.

	Consolidated net tangible liabilities of the Group attributable to owners of the Company as of December 31, 2020	Estimated net Proceeds from the Global Offering	Estimated impact to the consolidated net tangible liabilities upon the conversion of convertible redeemable preferred shares	Unaudited pro forma adjusted consolidated net tangible assets as of December 31, 2020	Unaudited pro forma adjusted consolidated net tangible assets per Share as of December 31, 2020	
	RMB'000 (*note 1*)	*RMB'000* (*note 2*)	*RMB'000* (*note 3*)	*RMB'000*	*RMB* (*note 4*)	*HK$* (*note 5*)
Based on an Offer Price of HK$50.50 per Share	(1,094,647)	2,307,335	1,385,772	2,598,460	11.81	14.26
Based on an Offer Price of HK$51.90 per Share	(1,094,647)	2,372,118	1,385,772	2,663,243	12.10	14.61
Based on an Offer Price of HK$53.30 per Share	(1,094,647)	2,436,900	1,385,772	2,728,025	12.40	14.97

Notes:

1. The consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at December 31, 2020 is arrived at after deducting intangible assets or RMB109,000 from the audited net liabilities attributable to owners of the Company as at December 31, 2020 of RMB1,094,538,000 set out in the Accountants' Report in Appendix I to this prospectus.

2. The estimated net proceeds from the Global Offering are based on estimated low end and high end offer prices of HK$50.50 or HK$53.30 per Share after deduction of the underwriting fees and other related expenses payable by the Company and do not take into account any share which may be sold and offered upon exercise of the Over-allotment Option.

3. Upon the Listing and the completion of the Global Offering, all convertible redeemable preferred shares 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 liabilities attributable to owners of the parent will be decreased by RMB1,385,772,000, being the carrying amounts of the convertible redeemable preferred shares as at December 31, 2020.

4. The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 58,264,500 Shares are in issue assuming the Global Offering has been completed on December 31, 2020.

5. For the purpose of this unaudited pro forma statement of adjusted net tangible assets, the balances stated in RMB are converted into HK$ at the rate of RMB1.00 to HK$1.2074.

6. The unaudited pro forma adjusted consolidated net tangible assets per Share as at December 31, 2020 would then be adjusted to HK$16.14, HK$16.45 and HK$16.76 based on an offer price of HK$50.50, HK$51.90 and HK$53.30 respectively, assuming that Series C financing and repurchase of Series Pre-A Preferred Shares had been completed as of December 31, 2020.

7. 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 December 31, 2020, except the transactions included in note 6.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, there has been no material adverse change in our financial or trading position or prospects since December 31, 2020 and up to the date of this prospectus and there is no event since December 31, 2020 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this prospectus.

OUTBREAK OF COVID-19

Since December 2019, the outbreak of coronavirus disease 2019 (COVID-19) has materially and adversely affected the global economy. With measures taken by the PRC government, there has been a significant decrease in the number of existing confirmed COVID-19 cases in China since mid-February 2020. The Chinese government has gradually lifted domestic travel restrictions and other quarantine measures, and economic activities have begun to recover and return to normal nationwide since the second quarter of 2020. The outbreak of COVID-19 since December 2019 did not have a material and adverse impact on our business, financial condition and results of operations. Based on the management accounts of our Group, our net loss increased from the three-month period ended March 31, 2020 to the three-month period ended March 31, 2021, mainly due to the increase in our research and development expenses and administrative expenses, which was in line with our continuous development of our drug candidates. Our Directors do not expect the COVID-19 outbreak will have any material impact on our business operations, development plan and clinical trial progress, as well as production and supply chain, mainly based on the following:

- Our clinical development. We have employed various measures to mitigate any impact the COVID-19 outbreak may have on our ongoing clinical trials, including cooperating with clinical trial sites to offer personal protection equipment such as masks to our enrolled patients, continuing patient follow-ups, supplying enrolled patients with study medication through monitored delivery process, engaging frequent communications with our principal investigators to identify and address any issues that may arise. Although we experienced minor delays ranging from three to four months in the patient enrollment process and data entry for certain of our clinical trials in China at the beginning of the COVID-19 outbreak, since then the situation has improved due to the enhanced containment policies implemented by the competent government authority and the gradual control of the COVID-19 outbreak. To minimize the temporary impacts of the COVID-19 outbreak during its early phase, we have mobilized resources and leveraged our solid research and development capabilities to accelerate the temporarily delayed development programs and strive to re-mediate the temporary disruption caused by the COVID-19 outbreak. As of the Latest Practicable Date, we had resumed the normal patient enrollment and data entry for our clinical trials, and had not encountered any material adverse effects on our collaboration with third party service providers for our clinical development, including our cooperative CROs.

- Our daily operations. Since February 2020 when our Group fully resumed its business operation in accordance with applicable regulations, our operation has remained normal and is not subject to any suspension of work due to COVID-19. We have also adopted a thorough disease prevention scheme to protect our employees. The measures we have implemented include, among others, regularly sterilizing and ventilating our offices and production facilities, checking the body temperature of our employees daily, keeping track of the travel history and health conditions of our employees, and providing face masks and disinfectant to employees attending our offices and facilities. Since the COVID-19 outbreak from December 2019 and as of the Latest Practicable Date, we had no suspected or confirmed COVID-19 cases on our premises or among our employees.

- Production and supply chain. Since the outbreak of the COVID-19 from December 2019 and as of the Latest Practicable Date, we had not experienced any material production suspension, decrease in production volume of our manufacturing facility. In addition, our major suppliers had all resumed normal operations, and none of them had reported any material disruption to their business operations as a results of COVID-19 outbreak, as of the Latest Practicable Date. We had not experienced any material difficulties in procuring our major raw materials, and our supply chain had not experienced any material disruption since the outbreak of COVID-19 and as of the Latest Practicable Date. In the event that we anticipate or experience any delays in our supply, we will identify, and discuss with, alternative suppliers which meet our demand and requirements to ensure the stability of supplies to our Group.

- Financial outlook. Our Directors believe that, by taking into account our cash and cash equivalents of RMB199.4 million as of December 31, 2020, the net proceeds of US$121.0 million (RMB784.0 million) we obtained from our Series C financing in February 2021, and assuming that our cash burn rate going forward will be approximately 6.0 times of the cash burn rate in the year ended December 31, 2020, we can remain financially viable for approximately 54 months from January 1, 2021 if taking into account the estimated RMB2,307.1 million of the net proceeds from the Global Offering (being the lower-end of the indicative Offer Price range of HK$50.5 to HK$53.3 per Share).

It is uncertain when and whether COVID-19 could be fully contained. The above analyses are made by our management based on currently available information concerning COVID-19. We cannot guarantee that the outbreak of COVID-19 will not further escalate or have a material adverse effect on our business operations. Please refer to the paragraphs headed "Risk Factors – Risks Relating to Our Operations – We face risks related to health epidemics and other outbreaks of contagious diseases, including the COVID-19 outbreak" for more information of the relevant risks.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed 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.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Moonshot held approximately 36.58% shareholding of our Company. It was in turn held by Dr. Chen, Ms. Toscano, Dr. Xu and Dr. Jia as to approximately 65.36%, 13.31%, 13.31% and 8.02%, respectively. Ms. Toscano is the spouse of Dr. Wang and holds the interest as part of their family arrangement, she does not participate in the operation of the Group. Furthermore, Dr. Chen is the adviser of the trust established to facilitate the administration of the Restricted Share Unit Scheme and is entitled to exercise the 8.45% voting rights attached to the Shares held by the ESOP Trust.

As such, Dr. Chen, will be entitled to exercise voting rights of approximately 35.35% of the total issued share capital of our Company upon completion of the Global Offering (assuming the Over-allotment Option is not exercised). Dr. Xu, Dr. Jia, Ms. Toscano and Moonshot are also presumed to be a group of controlling shareholder with Dr. Chen as their interest in the Company are held commonly through Moonshot and they are collectively considered as our Controlling Shareholders upon Listing.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

The Controlling Shareholders confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

Dr. Chen has previously founded and managed two biotechnology companies, Wuhan Huaxin Kangyuan Biopharma Co., Ltd. and Junshi Biosciences (HKEX:1877/SHA:688180). He has remained as the controlling shareholder and director of Wuhan Huaxin Kangyuan Biopharma Co., Ltd. but it has ceased to have any substantive operations since 2013. There has not been any sharing or transfer of knowhow, technologies, proprietary information or other resources between our Group and each of Wuhan Huaxin Kangyuan Biopharma Co., Ltd. and Junshi Bioscience.

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholder and their close associates after the Listing.

Management Independence

Our Board comprises three executive Directors, four non-executive Directors and four independent non-executive Directors. Dr. Chen and Dr. Xu are our executive Directors, Dr. Jia is a senior management member and Ms. Toscano is the spouse of Dr. Wang, our executive Director.

Our Directors believe that our Board and senior management will function independently from our Controlling Shareholders for the following reasons:

1. each Director is aware of his fiduciary duties as a Director of our Company which requires, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest;

2. in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions, and shall not be counted in the quorum;

3. our Board comprises eleven Directors, and four of them are independent non-executive Directors, which represents more than one-third of the members of our Board. Our independent non-executive Directors have extensive experience in different areas and have been appointed in accordance with the requirements of the Listing Rules to ensure that the decisions of our Board are made after due consideration of independent and impartial opinions; and

4. our senior management members, other than our Controlling Shareholders themselves, are independent from our Controlling Shareholders. They have substantial experience in the industry which we are engaged in. Accordingly, they are able to discharge their duties independently from our Controlling Shareholders.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Director are of the view that we are capable of managing our business independently from our Controlling Shareholders following the completion of the Global Offering.

Operational Independence

Although our Controlling Shareholders will retain a controlling interest in us after Listing, we have full rights to make all decisions on, and to carry out, our own business operations independently. Our Company, through our subsidiaries, holds the licenses and qualifications necessary to carry on our current business, and has sufficient capital, facilities, technology and employees to operate the business independently from our Controlling Shareholder. We have access to third parties independently from and not connected to our Controlling Shareholder for sources of suppliers and customers.

Based on the above, our Directors are satisfied that we will be able to function and operate independently from our Controlling Shareholders and their close associates.

Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control functions of our Company, independent from our Controlling Shareholders. We can make financial decisions independently and our Controlling Shareholders do not intervene with our use of funds. We have also established an independent audit system, a standardized financial and accounting system and a complete financial management system. In addition, we have been and are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective associates. As of the Latest Practicable Date, there were no loans, advances and balances due to and from the Controlling Shareholders.

Based on the above, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance on our Controlling Shareholders and their close associates after the Listing.

NON-COMPETITION UNDERTAKING

Our Controlling Shareholders provided a Non-Competition Undertaking in favour of us, pursuant to which our Controlling Shareholders undertook not to, and to procure their respective close associate(s) (as appropriate) (other than our Group) not to, either directly or indirectly, compete with our business, i.e. developing antibody therapies in the autoimmune and oncology therapeutic areas ("Restricted Activities") and granted our Group the option for new business opportunities. Our Controlling Shareholders have further irrevocably undertaken in the Non-Competition Undertaking that, during the term of the Non-Competition Undertaking, they will not, and will also procure their respective close associate(s) (as appropriate) (other than our Group) not to, alone or with a third party, in any form, directly or indirectly, engage in, participate in, support to engage in or participate in any business that competes, or is likely to compete, directly or indirectly, with the Restricted Activities.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

(a) As part of our preparation for the Global Offering, we have amended our Articles to comply with the Listing Rules. In particular, our Articles provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his or her associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

(b) A Director with material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of our interest and abstain from the board meetings on matters in which such Director or his or her associates have a material interest, unless attendance or participation of such Director at such meeting of our Board is specifically requested by a majority of our independent non-executive Directors;

(c) We are committed that our Board should include in balanced composition of executive Directors and independent non-executive Directors. We have appointed independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in the section headed "Directors and Senior Management" in this prospectus;

(d) As required by the Listing Rules, our independent non-executive Directors shall review all connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interest of our Shareholders as a whole;

(e) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by the Listing Rules;

(f) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

(g) we have appointed Somerley Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations in Hong Kong, as well as the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders' interests after the Listing.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid prior to and immediately following the completion of the Global Offering:

Authorized share capital		**Aggregate par value**
		(US$)
500,000,000	Shares of par value of US$0.0001 each as of the Latest Practicable Date	50,000.00
Issued and to be issued, fully paid or credited as fully paid immediately upon completion of the Global Offering		
212,731,566	Shares in issue as at the date of this prospectus (assuming all Preferred Shares are converted into Ordinary Shares on a 1:1 basis)	21,273.16
58,264,500	Shares to be issued under the Global Offering assuming no exercise of the Over-allotment Option	5,826.45
270,996,066	Total	27,099.61

ASSUMPTION

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. The above table does not take into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKING

The Offer Shares are ordinary shares in the share capital of our Company and will rank equally in all respects with all Shares in issue or to be issued as set forth in the above table, and will qualify and rank in full for all dividends or other distributions declared, made or paid after the date of this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Our Company will have only one class of Shares upon completion of the Global Offering, namely ordinary shares, and each ranks pari passu with the other Shares. Pursuant to the Cayman Companies Law and the terms of the Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into shares of larger amount; (iii) divide its shares into several classes; (iv) subdivide its shares into shares of smaller amount; and (v) cancel any shares which have not been taken. In addition, our Company may subject to the provisions of the Cayman Companies Law reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. For details, please refer to the section headed "Appendix III – Summary of the Constitution of the Company and Cayman Islands Company Law" in this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with at any time subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, shall not exceed the sum of:

(a) 20% of the aggregate nominal value of the share capital of the Company in issue immediately following completion of the Global Offering; and

(b) the nominal amount of our share capital repurchased by the Company (if any) pursuant to the repurchase mandate (as mentioned below).

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or scrip dividend scheme or similar arrangements or a specific authority granted by our Shareholders or upon the exercise of the Over-allotment Option.

This mandate to issue Shares will remain in effect until:

(i) at the conclusion of our next annual general meeting; or

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles of Association; or

(iii) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting,

whichever is the earliest.

For further details of this general mandate, please see the section headed "Appendix IV – Statutory and General Information – A. Further Information about Our Group – 4. Resolutions of the Shareholders of the Company Passed on June 22, 2021".

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of our share capital in issue immediately following the Global Offering (excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option).

This mandate relates to repurchases made on the Stock Exchange, or on any other stock exchange which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and regulations and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Statutory and General Information – A. Further Information about Our Group – 5. Repurchase of Our Shares".

This general mandate to repurchase Shares will remain in effect until:

(a) at the conclusion of our next annual general meeting; or

(b) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles of Association; or

(c) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting, whichever is the earliest.

For further details of this general mandate, please see the section headed "Appendix IV – Statutory Statutory and General Information – A. Further Information about Our Group – 4. Resolutions of the Shareholders of the Company Passed on June 22, 2021".

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 at the Offer Price for a certain number of Offer Shares (rounded down to the nearest whole board lot of 500 Shares) that may be purchased for an aggregate amount of US$190 million (or approximately HK$1,474.4 million) (calculated based on the conversion rate of US$1.00 to HK$7.76) (the "**Cornerstone Placing**").

Assuming an Offer Price of HK$50.5, being the low-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 29,205,000 Offer Shares, representing approximately 50.12% of the Offer Shares pursuant to the Global Offering and approximately 10.78% of the our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK$51.90, being the mid-point of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 28,415,500 Offer Shares, representing approximately 48.77% of the Offer Shares pursuant to the Global Offering and approximately 10.49% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK$53.3, being the high-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 27,617,500 Offer Shares, representing approximately 47.49% of the Offer Shares pursuant to the Global Offering and approximately 10.21% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Our Company is of the view that, leveraging on the Cornerstone Investors' investment experience, in particular in the life sciences and healthcare sectors, the Cornerstone Placing will help to raise the profile of our Company and to signify that such investors have confidence in our business and prospect. Other than the six existing shareholders who are Cornerstone Investors as described below, our Company became acquainted with each of the Cornerstone Investors through introduction by certain of the Underwriters in the Global Offering.

To the best knowledge of our Company, (i) each of the Cornerstone Investors is an Independent Third Party and is not our connected person (as defined in the Listing Rules); (ii) none of the Cornerstone Investors is accustomed to take instructions from our Company, the Directors, chief executive, Controlling Shareholders, Substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates (other than the six Cornerstone Investors which are existing Shareholders of our Company or their close

associates as described below); (iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by our Company, the Directors, chief executive, Controlling Shareholders, Substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates (other than the six Cornerstone Investors which are existing Shareholders of our Company or their close associates as described below); and (iv) each Cornerstone Investor will be utilizing their proprietary funding or the proprietary funding of the funds under their management, as appropriate, as their source of funding for the subscription of the Offer Shares. Details of the actual number of the Offer Shares to be allocated to each of the Cornerstone Investments will be disclosed in the allotment results announcement to be issued by the Company on or around July 7, 2021.

The Cornerstone Placing will form part of the International Offering and the Cornerstone Investors will not subscribe for 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 respect with the fully paid Shares in issue and will be counted towards the public float of the Company under Rule 8.08 of the Listing Rules. Such Offer Shares will not count towards the public float of for the purpose of Rule 18A.07 of the Listing Rules. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will become a Substantial Shareholder of the Company, and none of the Cornerstone Investors will have any Board representation in our Company. Other than a guaranteed allocation of the relevant Offer Shares at the Offer Price, the Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders.

There are no side arrangements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Placing.

Six of the Cornerstone Investors, namely Hillhouse Capital (as defined below), Boyu Capital Opportunities Master Fund, Lake Bleu Prime Healthcare Master Fund Limited, LAV (as defined below), Double Joy Ventures Limited and Yi Fang Da Sirius Inv. Limited, which are existing Shareholders of our Company or their close associates, have been permitted to participate in the Cornerstone Placing pursuant to paragraph 5.2 of Stock Exchange Guidance Letter HKEX-GL92-18 and have been granted 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 and the waiver from Rule 9.09(b) of the Listing Rules.

The total number of Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Placing may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the paragraph headed "Structure of the Global Offering – The Hong Kong Public Offering – Reallocation" in this prospectus.

If there is over-allocation in the International Offering, the settlement of such over-allocation may be effected through delayed delivery of the Offer Shares to be subscribed by certain Cornerstone Investors (other than Invesco Advisers, Inc., Aranda Investments Pte. Ltd., Hillhouse Capital, Hudson Bay Master Fund Ltd. and Lake Bleu Prime Healthcare Master Fund Limited) under the Cornerstone Placing. Where delayed delivery takes place, each Cornerstone Investor that may be affected by such delayed delivery has agreed that it shall nevertheless pay for the relevant Offer Shares before trading commences on the Listing Date. As such, there will be no deferred settlement for the investment amounts. If there is no over-allocation in the International Offering, delayed delivery will not take place.

OUR CORNERSTONE INVESTORS

Based on the Offer Price of HK$50.5 (being the low-end of the Offer Price Range)

			Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
Cornerstone Investor	**Investment Amount**	**Number of Offer Shares (rounded down to nearest whole board lot of 500 Shares)**	**Assuming the Over-allotment Option is not exercised**	**Assuming the Over-allotment Option is exercised in full**	**Assuming the Over-allotment Option is not exercised**	**Assuming the Over-allotment Option is exercised in full**
	(US$ in million)[#]					
Invesco Ltd.	40	6,149,000	10.55%	9.18%	2.27%	2.20%
UBS Asset Management (Singapore) Ltd.	40	6,149,000	10.55%	9.18%	2.27%	2.20%
Aranda Investments Pte. Ltd.	15	2,305,500	3.96%	3.44%	0.85%	0.82%
Hillhouse Capital (as defined below)	15	2,305,500	3.96%	3.44%	0.85%	0.82%
Boyu Capital Opportunities Master Fund	10	1,537,000	2.64%	2.29%	0.57%	0.55%
Double Joy Ventures Limited	10	1,537,000	2.64%	2.29%	0.57%	0.55%
Dragon Merit Holdings Limited	10	1,537,000	2.64%	2.29%	0.57%	0.55%
Lake Bleu Prime Healthcare Master Fund Limited	10	1,537,000	2.64%	2.29%	0.57%	0.55%
LAV (as defined below)	10	1,537,000	2.64%	2.29%	0.57%	0.55%
Hudson Bay Master Fund Ltd.	5	768,500	1.32%	1.15%	0.28%	0.27%

Cornerstone Investor	Investment Amount	Number of Offer Shares (rounded down to nearest whole board lot of 500 Shares)	Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	(US$ in million)[#]					
Janchor Partners Pan-Asian Master Fund	5	768,500	1.32%	1.15%	0.28%	0.27%
Octagon Investments Master Fund LP	5	768,500	1.32%	1.15%	0.28%	0.27%
Sage Partners Master Fund	5	768,500	1.32%	1.15%	0.28%	0.27%
Springhill Master Fund Limited	5	768,500	1.32%	1.15%	0.28%	0.27%
Yi Fang Da Sirius Inv. Limited	5	768,500	1.32%	1.15%	0.28%	0.27%
Total	190	29,205,000	50.12%	43.59%	10.78%	10.44%

 # Note: to be converted to Hong Kong dollars based on the exchange rate as disclosed in this prospectus

Based on the Offer Price of HK$51.90 (being the mid-point of the Offer Price Range)

Cornerstone Investor	Investment Amount	Number of Offer Shares (rounded down to nearest whole board lot of 500 Shares)	Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	(US$ in million)[#]					
Invesco Ltd.	40	5,983,000	10.27%	8.93%	2.21%	2.14%
UBS Asset Management (Singapore) Ltd.	40	5,983,000	10.27%	8.93%	2.21%	2.14%
Aranda Investments Pte. Ltd.	15	2,243,500	3.85%	3.35%	0.83%	0.80%
Hillhouse Capital (as defined below)	15	2,243,500	3.85%	3.35%	0.83%	0.80%
Boyu Capital Opportunities Master Fund	10	1,495,500	2.57%	2.23%	0.55%	0.53%
Double Joy Ventures Limited	10	1,495,500	2.57%	2.23%	0.55%	0.53%
Dragon Merit Holdings Limited	10	1,495,500	2.57%	2.23%	0.55%	0.53%
Lake Bleu Prime Healthcare Master Fund Limited	10	1,495,500	2.57%	2.23%	0.55%	0.53%
LAV (as defined below)	10	1,495,500	2.57%	2.23%	0.55%	0.53%
Hudson Bay Master Fund Ltd.	5	747,500	1.28%	1.12%	0.28%	0.27%
Janchor Partners Pan-Asian Master Fund	5	747,500	1.28%	1.12%	0.28%	0.27%
Octagon Investments Master Fund LP	5	747,500	1.28%	1.12%	0.28%	0.27%
Sage Partners Master Fund	5	747,500	1.28%	1.12%	0.28%	0.27%
Springhill Master Fund Limited	5	747,500	1.28%	1.12%	0.28%	0.27%
Yi Fang Da Sirius Inv. Limited	5	747,500	1.28%	1.12%	0.28%	0.27%
Total	190	28,415,500	48.77%	42.41%	10.49%	10.16%

 # Note: to be converted to Hong Kong dollars based on the exchange rate as disclosed in this prospectus

Based on the Offer Price of HK$53.30 (being the high-end of the Offer Price Range)

Cornerstone Investor	Investment Amount	Number of Offer Shares (rounded down to nearest whole board lot of 500 Shares)	Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	(US$ in million)[#]					
Invesco Ltd.	40	5,826,000	10.00%	8.70%	2.15%	2.08%
UBS Asset Management (Singapore) Ltd.	40	5,826,000	10.00%	8.70%	2.15%	2.08%
Aranda Investments Pte. Ltd.	15	2,184,500	3.75%	3.26%	0.81%	0.78%
Hillhouse Capital (as defined below)	15	2,184,500	3.75%	3.26%	0.81%	0.78%
Boyu Capital Opportunities Master Fund	10	1,456,500	2.50%	2.17%	0.54%	0.52%
Double Joy Ventures Limited	10	1,456,500	2.50%	2.17%	0.54%	0.52%
Dragon Merit Holdings Limited	10	1,456,500	2.50%	2.17%	0.54%	0.52%
Lake Bleu Prime Healthcare Master Fund Limited	10	1,456,500	2.50%	2.17%	0.54%	0.52%
LAV (as defined below)	10	1,456,500	2.50%	2.17%	0.54%	0.52%
Hudson Bay Master Fund Ltd.	5	728,000	1.25%	1.09%	0.27%	0.26%
Janchor Partners Pan-Asian Master Fund	5	728,000	1.25%	1.09%	0.27%	0.26%
Octagon Investments Master Fund LP	5	728,000	1.25%	1.09%	0.27%	0.26%
Sage Partners Master Fund	5	728,000	1.25%	1.09%	0.27%	0.26%
Springhill Master Fund Limited	5	728,000	1.25%	1.09%	0.27%	0.26%
Yi Fang Da Sirius Inv. Limited	5	728,000	1.25%	1.09%	0.27%	0.26%
Total	190	27,671,500	47.49%	41.30%	10.21%	9.89%

 # Note: to be converted to Hong Kong dollars based on the exchange rate as disclosed in this prospectus

The following information about the Cornerstone Investors was provided to the Company by the Cornerstone Investors in relation to the Cornerstone Placing.

1. Invesco Advisers, Inc.

Invesco Ltd. ("**Invesco**"), a Bermuda-incorporated company, is a leading independent investment management firm with approximately US$1,459.0 billion in assets under management as of 30 April 2021. Invesco is a global company focused on investment management, and its services are provided through a number of affiliated investment advisers to a wide range of clients throughout the world, including open-end mutual funds, closed-end funds, exchange-traded funds, collective trust funds, UCITS, real estate investment trusts, unit investment trusts and other pooled investment vehicles, as well as pensions, endowments, insurance companies and sovereign wealth funds. Invesco is a public company and is listed on the New York Stock Exchange (Stock Code: IVZ.NY). Invesco's shareholders' and New York Stock Exchange's approval are not required for IAI's (as defined below) subscription for the Shares pursuant to the relevant Cornerstone Investment Agreement.

Invesco Advisers, Inc. ("**IAI**") is the principal U.S. investment advisory subsidiary of Invesco and is registered with the U.S. Securities and Exchange Commission as an investment adviser. IAI, acting as discretionary investment adviser for and on behalf of various funds and accounts (the "**IAI Managed Funds**"), has agreed to participate in the Global Offering and for such IAI Managed Funds to invest in our Shares as Cornerstone Investors.

The IAI Managed Funds are open end mutual funds, collective trust funds, other pooled investment vehicles and financial institutions established under various jurisdictions and have multiple holders (who are, to the best of the knowledge, information and belief of the Company, Independent Third Parties).

In addition to the closing conditions as set out in "– Closing Conditions" below, the subscription obligation of IAI Managed Funds to subscribe for the Offer Shares under the relevant Cornerstone Investment Agreement is subject to that the representations, warranties, acknowledgements, undertakings and confirmations of our Company under the Cornerstone Investment Agreement are accurate and true in all material respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of our Company.

2. UBS Asset Management (Singapore) Ltd.

UBS Asset Management (Singapore) Ltd. ("**UBS AM Singapore**"), a company incorporated in Singapore in December 1993, has entered into a cornerstone investment agreement with our Company and the Joint Sponsors, in its capacity as the delegate to the investment manager for and on behalf of the following discretionary funds: UBS (LUX) EQUITY FUND – GREATER CHINA, UBS (LUX) EQUITY FUND – CHINA OPPORTUNITY, UBS (HK) FUND SERIES – CHINA OPPORTUNITY EQUITY (USD), UBS (CAY) INVESTMENT FUND SPC – UBS CHINA EQUITY SELECT CHERRY

SEGREGATED PORTFOLIO II, UBS (LUX) EQUITY SICAV – ALL CHINA (USD), UBS (LUX) KEY SELECTION SICAV – CHINA EQUITY LONG SHORT (USD) and UBS (LUX) KEY SELECTION SICAV – CHINA ALLOCATION OPPORTUNITY (together the "**UBS Funds**").

UBS AM Singapore is a wholly owned subsidiary of UBS Asset Management AG ("**UBS Asset Management**"), an investment management company, which is wholly ultimately owned by UBS Group AG, which is a company organized under Swiss law as a corporation that has issued shares of common stock to investors. UBS Group AG's shares are listed on the SIX Swiss Exchange (stock code: UBSG) and the New York Stock Exchange (stock code: UBS). UBS Asset Management is a business division of UBS Group AG and is operated as a dedicated asset management business with independence in all investment decision making. UBS Asset Management is a global large-scale and diversified asset manager, with a presence in 23 markets. UBS Asset Management offers investment capabilities and styles across all major traditional and alternative asset classes as well as advisory support to institutions, wholesale intermediaries and its global wealth management clients. As at March 31, 2021, invested assets under management of UBS Asset Management globally totaled USD1.1 trillion. UBS AM Singapore's shareholders' and New York Stock Exchange's approval are not required for UBS AM Singapore's subscription for the Investor Shares.

3. Aranda Investments Pte. Ltd.

Aranda Investments Pte. Ltd. is a company incorporated in Singapore in 2003 and a special purpose vehicle established for investment holding purpose, being an indirectly wholly-owned subsidiary of Temasek Holdings (Private) Limited ("**Temasek**"). Incorporated in 1974, Temasek is an investment company headquartered in Singapore. Temasek's investments in the China life sciences sector include WuXi AppTec, Hangzhou Tigermed Consulting Co., Ltd., Innovent Biologics, Inc. and BeiGene, Ltd.

In addition to the closing conditions as set out in "– Closing Conditions" below, the subscription obligation of Aranda Investments Pte. Ltd. to subscribe for the Offer Shares under the relevant Cornerstone Investment Agreement is subject to that the representations, warranties, acknowledgements, undertakings and confirmations of our Company under the Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of our Company.

4. Hillhouse Capital

Gaoling Fund, L.P. and YHG Investment, L.P. are limited partnerships formed under the laws of the Cayman Islands. Gaoling Fund, L.P. and YHG Investment, L.P. are discretionary funds and 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. Hillhouse

Capital Management, Ltd. is the sole management company of HH KNY Holdings Limited, our existing Shareholder. Hillhouse Capital Advisors, Ltd. serves as the sole investment manager of Gaoling and the general partner of YHG. Gaoling and YHG are therefore close associates of HH KNY Holdings Limited.

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 global institutional clients.

5. Boyu Capital Opportunities Master Fund

Boyu Capital Opportunities Master Fund, an Exempted Company with limited liability incorporated under the laws of the Cayman Islands, is a discretionary fund managed by Boyu Capital Investment Management Co., Limited ("**BCIMCL**"). BCIMCL is a fund manager that focuses on investing in high quality business franchises with sustainable growth in the healthcare, consumer, technology, media and telecommunications, and financial sectors.

Boyu Capital Opportunities Master Fund is associated with Spring Aquila Limited, an existing Shareholder of our Company.

In addition to the closing conditions as set out in "– Closing Conditions" below, the subscription obligation of Boyu Capital Opportunities Master Fund to subscribe for the Offer Shares under the relevant Cornerstone Investment Agreement is subject to that the representations, warranties, acknowledgements, undertakings and confirmations of our Company under the Cornerstone Investment Agreement are accurate and true in all material respects and not misleading in any material respect and that there is no material breach of the Cornerstone Investment Agreement on the part of our Company.

6. Double Joy Ventures Limited

Double Joy Ventures Limited ("**Double Joy**") is a limited company incorporated in the BVI and a special purpose vehicle primarily established for the Cornerstone Investment. Double Joy is wholly owned by 3H Health Investment Fund II, L.P., which is managed by 3H Health Investment GP II Ltd. Double Joy is associated with Charming Union Limited and Biofortune Investment, L.P., each an existing Shareholder of the Company managed by 3H Health Investment GP II Ltd.

Double Joy is operated under 3H Health Investment, which is a sophisticated life science investment firm specializing in equity investments in the life sciences and healthcare sectors and technologies.

7. Dragon Merit Holdings Limited

Dragon Merit Holdings Limited, a limited liability company established in Hong Kong, is wholly-owned by CSPC Pharmaceutical Group Limited ("**CSPC**", Stock Code: 1093). CSPC is a well-known pharmaceutical company in China, with its shares listed on the Main Board of Hong Kong Stock Exchange since 1994 and became a constituent of the Hang Seng Index in 2018. Currently, CSPC is mainly engaged in businesses of research and development, as well as production and sales of pharmaceutical products. It takes innovative drugs as the core development strategy. At present, CSPC has strong product portfolios in therapeutic areas such as nervous system, oncology, cardiovascular and metabolic diseases. It also has a national top research and development team, with research and development bases in Shijiazhuang, Shanghai, Beijing and the United States. CSPC focuses on the discovery and research and development of small molecule targeted drugs, nanodrugs, monoclonal antibody drugs, bispecific antibody drugs and antibody-drug conjugates. As confirmed by Dragon Merit Holdings Limited, CSPC's shareholders' and Hong Kong Stock Exchange's approval are not required for Dragon Merit Holdings Limited's subscription for the Shares pursuant to the relevant Cornerstone Investment Agreement.

In addition to the closing conditions as set out in "– Closing Conditions" below, the subscription obligation of Dragon Merit Holdings Limited to subscribe for the Offer Shares under the relevant Cornerstone Investment Agreement is subject to that the representations, warranties, acknowledgements, undertakings and confirmations of our Company under the Cornerstone Investment Agreement are accurate and true in all material respects and not misleading in any material respect and that there is no material breach of the Cornerstone Investment Agreement on the part of our Company.

8. Lake Bleu Prime Healthcare Master Fund Limited

Lake Bleu Prime Healthcare Master Fund Limited ("**Lake Bleu Prime**") is a discretionary fund managed by Lake Bleu Capital (Hong Kong) Limited. Lake Bleu Prime is a long-bias public equity fund focusing in Asia/Greater China healthcare. The fund primarily invests in public equities. The fund invests across the entire healthcare value chain, in pharmaceuticals, biotech, medical devices, distribution, hospitals and mobile health. Recently, Lake Bleu Prime acts as a cornerstone investor for Joinn Laboratories (stock code 6127), Suzhou Basecare Medical (stock code 2170), New Horizon Health (stock code 6606), JD Health International Inc. (stock code 6618), MicroPort CardioFlow Medtech Corporation (stock code 2160), Akeso, Inc. (stock code 9926), Pharmaron Beijing Co., Ltd. (stock code 3759), RemeGen Co., Ltd. (stock code 9995), Hygeia Healthcare Holdings Co., Limited (stock code 6078), and Kangji Medical Holdings Limited (stock code 9997). The fund assets under management ("**AUM**") is not less than US$1.5 billion as of January 2021. Lake Bleu Prime, as a healthcare specialist,

is keen to help the portfolio companies on value-added activities and has successfully helped many companies on this front. Lake Bleu Capital (Hong Kong) Limited is also licensed by the SFC to carry out type 9 regulated activities.

Lake Bleu Prime is associated with LBC Sunshine Healthcare Fund II L.P., an existing Shareholder of our Company, as they are both managed by Lake Bleu Capital (Hong Kong) Limited.

9. LAV

LAV Star Limited is wholly-owned by LAV Fund VI, L.P. and LAV Star Opportunities Limited is wholly-owned by LAV Fund VI Opportunities, L.P (together with LAV Fund VI, L.P., collectively, the "**LAV Fund VI**"). LAV Fund VI are associated with LAV Biosciences Fund V, L.P. (the "**LAV Fund V**"), an existing Shareholder of our Company. Both LAV Fund V and LAV Fund VI are ultimately controlled by Dr. Yi Shi, and are the investment arm of LAV Group (the "**LAV**"). LAV is a discretionary fund and an Asia-based life science investment firm with portfolios covering all major sectors of the biomedical and healthcare industry including biopharmaceuticals, medical devices, diagnostics and healthcare services. LAV is managed by a team of professionals with substantial biomedical domain expertise, as well as extensive investing experiences.

In addition to the closing conditions as set out in "– Closing Conditions" below, the subscription obligation of LAV Star Limited and LAV Star Opportunities Limited to subscribe for the Offer Shares under the relevant Cornerstone Investment Agreement is subject to that the representations, warranties, acknowledgements, undertakings and confirmations of our Company under the Cornerstone Investment Agreement are accurate and true in all material respects and not misleading in any material respect and that there is no material breach of the Cornerstone Investment Agreement on the part of our Company.

10. Hudson Bay Master Fund Ltd.

Hudson Bay Master Fund Ltd. is discretionary fund and a Cayman Islands Limited Company managed by Hudson Bay Capital Management LP ("**HBC**"), a multi-billion-dollar asset management firm operating in New York and London. With approximately 100 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.

11. Janchor Partners Pan-Asian Master Fund

Janchor Partners Pan-Asian Master Fund is an investment fund established in the Cayman Islands that is managed by Janchor Partners Limited, a company licensed by the SFC to conduct asset management (together, "**Janchor Partners**"), who has investment discretion as the investment manager. Established in 2009, Janchor Partners is a long-term industrialist investor, partnering with companies that have superior business models, favorable growth prospects and the potential to be part of long-term positive structural dynamics of Asian countries and economies. Janchor Partners is an experienced institutional investor with a track record of investing in healthcare companies. As of May 31, 2021, Janchor Partner manages more than US$5 billion in assets for its investment partners.

In addition to the closing conditions as set out in "– Closing Conditions" below, the subscription obligation of Janchor Partners Pan-Asian Master Fund to subscribe for the Offer Shares under the relevant Cornerstone Investment Agreement is subject to that the representations, warranties, undertakings and confirmations of our Company under the Cornerstone Investment Agreement are accurate, true and complete in all material respects and not misleading or deceptive and that there is no breach of the Cornerstone Investment Agreement on the part of our Company.

12. Octagon Investments Master Fund LP

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. Securities Exchange Commission, serves as the investment manager to Octagon Investments, a discretionary fund. 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. As of September 2020, Octagon Capital managed approximately US$250 million in assets on behalf of investors.

13. Sage Partners Master Fund

Sage Partners Master Fund ("**Sage Partners**") is an exempted company with limited liability incorporated in the Cayman Islands, and is managed by Sage Partners Limited, a Hong Kong incorporated SFC Type 9 licensed investment management company established in 2019. Sage Partners is a discretionary fund and it mainly focuses on investment opportunities in the healthcare sector by deploying a long-term fundamental-based approach.

14. Springhill Master Fund Limited

Springhill Master Fund Limited ("**Springhill**") is an exempted company incorporated in the Cayman Islands, is dedicated to investing in healthcare public equities with an initial regional focus in Greater China and Asia. Springhill is an open-ended investment fund which aims to be long biased with concentrated long term holdings and will invest across various healthcare sub-sectors. Springhill is the public equities unit of the Qiming Venture Partners ("**Qiming**") corporate group. Springhill's funds are managed by Springhill Fund Asset Management (HK) Company Limited, which is licensed by the Hong Kong Securities and Futures Commission. Qiming is a leading China venture capital firm with focuses in healthcare and TMT.

15. Yi Fang Da Sirius Inv. Limited

Yi Fang Da Sirius Inv. Limited is an investment company incorporated in the British Virgin Islands. It is a special purpose vehicle primarily established for the Cornerstone Investment and is controlled by E Fund Management (Hong Kong) Co., Limited ("**E Fund HK**"). E Fund HK was incorporated in Hong Kong in August 2008. E Fund HK is licensed for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities by the SFC. E Fund HK serves as the global investment and business platform for its parent company, E Fund Management Co., Limited ("**E Fund**"). As E Fund's only window company overseas, E Fund HK strategically connects China and the overseas market. E Fund HK capitalizes the investment and research capabilities of E Fund and its competitive advantage in the overseas market to provide comprehensive quality service to its clients. As of December 31, 2021, E Fund had over RMB2.3 trillion (approximately USD355 billion) assets under management.

Yi Fang Da Sirius Inv. Limited is associated with Yi Fang Da Pluto Inv. Ltd, an existing Shareholder of our Company, as they are both managed by E Fund HK.

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement 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 Hong Kong Underwriting Agreement and the International Underwriting Agreement, and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;

(ii) the Offer Price having been agreed upon between the Company and the Joint Global Coordinators (on behalf of the underwriters of the Global Offering);

(iii) the Listing Committee having granted the approval for the listing of, and permission to deal in, the Shares (including the Shares under the Cornerstone Placing) 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;

(iv) no relevant laws or regulations shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the 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

(v) the representations, warranties, undertakings and confirmations of the relevant Cornerstone Investor under the Cornerstone Investment Agreement are and will be (as of the closing of the Cornerstone Investment Agreement) accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON 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 Agreements, 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.

So far as our Directors are aware, immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company:

Name	Capacity/nature of interest[1]	Number of Shares held as of the Latest Practicable Date[2]	Approximate percentage of shareholding in the total issued share capital of our Company as of the Latest Practicable Date[2]	Number of Shares held immediately following completion of the Global Offering[2]	Approximate percentage of shareholding in the total issued share capital of our Company immediately following completion of the Global Offering[2]
Moonshot[(3)]	Beneficial interest	77,812,482	36.58%	77,812,482	28.71%
Dr. Chen[(3)(5)]	Interest in controlled corporation	77,812,482	36.58%	77,812,482	28.71%
	Adviser of a trust	17,976,153	8.45%	17,976,153	6.63%
HH KNY Holdings Limited[(4)]	Beneficial interest	25,914,892	12.18%	25,914,892	9.56%
Hillhouse Capital Management, Ltd.[(4)]	Interest in controlled corporation	25,914,892	12.18%	25,914,892	9.56%
Eagle Hero[(5)]	Beneficial interest	17,976,153	8.45%	17,976,153	6.63%
Trident Trust Company (HK) Limited[(5)]	Trustee	17,976,153	8.45%	17,976,153	6.63%

Notes:

1. All interests stated are long positions.

2. Assuming all Preferred Shares are converted into Ordinary Shares.

3. Dr. Chen is interested in approximately 65.36% of the shareholdings of Moonshot. Ms. Toscano, Dr. Xu and Dr. Jia who are interested in is in 13.31%, 13.31% and 8.02% of the equity interest in Moonshot, respectively, are in the process of establishing family trust arrangements with regards to such interest. Upon completion of the trust arrangement, their respective interest in Moonshot will be held indirectly through their respective family trust.

4. Hillhouse Capital Management, Ltd. is deemed to be interested in the Shares held by HH KNY Holdings Limited by virtue of being its sole management company. Assuming an Offer Price of HK$51.90, being the mid-point of the indicative Offer Price range, Hillhouse Capital Advisors, Ltd, a close associate of HH KNY Holdings Limited will also be interested in 2,243,500 Shares as part of their cornerstone investment, representing approximately 0.83% of the total issued share capital of our Company immediately follow completion of the Global Offering.

5. Keymed Talent Success Trust is the sole shareholder of Eagle Hero, which holds the Shares underlying the Restricted Share Unit Scheme. Trident Trust Company (HK) Limited is the trustee for the Restricted Share Unit Scheme. Under the terms of the Restricted Share Unit Scheme, Dr. Chen as the advisor of the trust is able to exercise voting rights attached to the Shares held by the Eagle Hero. For details, please refer to the paragraph headed "D. Share Incentive Schemes – 1. Restricted Share Unit Scheme" in Appendix IV to this prospectus.

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised, and each Preferred Share will be automatically converted to one Share upon the Global Offering becoming unconditional), have any interest and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group.

BOARD OF DIRECTORS

Our Board consists of 11 Directors, of whom three are executive Directors, four are non-executive Directors and four are independent non-executive Directors. Our Board is responsible for, and has general powers for, the management and conduct of our business.

The table below sets out certain information in respect of the members of the Board.

Name	Position	Age	Date of appointment as Director	Time of joining the Group	Role and responsibility	Relationship with other Directors and senior management
Bo CHEN	Chairman and executive Director, chief executive officer	47	April 23, 2018	December 2016	Overall strategic planning, business direction and operational management	N/A
Changyu WANG	Executive Director, senior vice president	56	March 3, 2021	May 2018	Directing and overseeing overall research and development management	N/A
Gang XU (徐剛)	Executive Director, senior vice president	47	June 21, 2018	September 2016	Directing and overseeing drug discovery and early stage research	N/A
Qi Chen (陳奇)	Non-executive Director	46	June 21, 2018	June 2018	Participating in decision-making in respect of major matters such as corporate and business strategies	N/A

Name	Position	Age	Date of appointment as Director	Time of joining the Group	Role and responsibility	Relationship with other Directors and senior management
Dong Lyu (呂東)	Non-executive Director	46	March 3, 2021	March 2021	Participating in decision-making in respect of major matters such as corporate and business strategies	N/A
Min Chuan WANG (王閩川)	Non-executive Director	42	March 3, 2021	March 2021	Participating in decision-making in respect of major matters such as corporate and business strategies	N/A
Yilun Liu (劉逸倫)	Non-executive Director	34	March 3, 2021	March 2021	Participating in decision-making in respect of major matters such as corporate and business strategies	N/A
Xiao-Fan Wang (王小凡)	Independent Non-executive Director	65	April 3, 2021 (effective upon Listing)	April 2021	Supervising and providing independent judgment to our Board	N/A
Yang Ke (柯楊)	Independent Non-executive Director	65	April 3, 2021 (effective upon Listing)	April 2021	Supervising and providing independent judgment to our Board	N/A

Name	Position	Age	Date of appointment as Director	Time of joining the Group	Role and responsibility	Relationship with other Directors and senior management
Cheuk Kin Stephen Law (羅卓堅)	Independent Non-executive Director	58	April 3, 2021 (effective upon Listing)	April 2021	Supervising and providing independent judgment to our Board	N/A
Linqing Liu (劉林青)	Independent Non-executive Director	46	April 3, 2021 (effective upon Listing)	April 2021	Supervising and providing independent judgment to our Board	N/A

The following sets forth the biographies of our Directors:

Executive Directors

Dr. Bo CHEN, aged 47, has been a Director since April 23, 2018 and was re-designated as an executive Director on April 3, 2021 and currently serves as the chairman of our Board and our chief executive officer. Dr. Chen has been serving as the chief executive officer of Chengdu Keymed since December 2016 and its chairman since December 2018. Dr. Chen is primarily responsible for the overall strategic planning, business direction and operational management of our Group.

Dr. Chen has extensive experience in the pharmaceutical industry. Dr. Chen founded Wuhan Huaxin Kangyuan Biopharma Co., Ltd. (武漢華鑫康源生物醫藥有限公司, "**Huaxin Kangyuan**") in June 2011, a biopharmaceutical company focusing on development of monoclonal antibodies drugs. Subsequently, from January 2013 to March 2015, Dr. Chen served as the general manager and an executive director at Shanghai Junshi Biosciences Co., Ltd., ("**Junshi Bioscience**"), a dual listed company in Hong Kong (stock code: 1877) and Shanghai (stock code: 688180) and subsequently served as the chief scientist until December 2016, Dr. Chen remained as a director of Junshi Bioscience until March 2018.

Dr. Chen obtained his bachelor's degree in cell biology from Wuhan University (武漢大學) in the PRC in July 1996. Dr. Chen proceeded to obtain his PhD. in fertility and molecular biology from the Albert Einstein College of Medicine of Yeshiva University in United States in September 2003.

Dr. Changyu WANG, aged 56, has been a Director since March 3, 2021 and was re-designated as an executive Director on April 3, 2021. He is primarily responsible for directing and overseeing overall research and development management. Dr. Wang is the senior vice president of the Company and Chengdu Keymed.

Dr. Wang possesses more than 23 years of experience in research and development of biopharmaceuticals. From April 1998 to March 2001, he was a research scientist at Chiron Corporation. From April 2001 to August 2009, he was a senior scientist at Medarex, Inc., which was formerly listed on NASDAQ until acquisition by Bristol Myers Squibb, a company listed on the New York Stock Exchange (stock code: BMY). From September 2009 to December 2013, he was a senior scientist at Bristol-Myers Squibb. From January 2014 to February 2016, he was a director in cancer immunology at Pfizer Inc., a company listed on the New York Stock Exchange (stock code: PFE). Dr. Wang led the development of the world first PD-1 immune checkpoint inhibitor, Nivolumab, which has been approved for commercialization in 2014.

Dr. Wang obtained his bachelor's degree in microbiology from Wuhan University (武漢大學) in the PRC in July 1983. He obtained his master's degree in virology from the National Vaccine and Serum Institute (北京生物製品研究所) in September 1988. He obtained his PhD. in microbiology and immunology from the University of Colorado Medical Center in the United States in August 1994.

Dr. Gang XU (徐剛), aged 47, has been a Director since June 21, 2018 and was re-designated as an executive Director on April 3, 2021. Dr. Xu is primarily responsible for directing and overseeing drug discovery and early stage research. Dr. Xu is also the senior vice president of the Company and Chengdu Keymed and the executive director of Chengdu Kangnuo Xing.

Dr. Xu possesses more than 15 years of experience in research and development of biopharmaceuticals. From October 2010 to November 2015, he was a senior scientist at the Roche R&D Center (China) Ltd (羅氏研發(中國)有限公司). He was once the general manager of Suzhou Bojuhua Biomedical Technology Co., Ltd. (蘇州博聚華生物醫藥科技有限公司), where he was responsible for pre-clinical research and operations. Dr. Xu has published research papers on immune system recognition, antibody display and bispecific antibodies in internationally renowned academic journals such as Nature Immunology and the Proceedings of the National Academy of Sciences of the USA.

Dr. Xu obtained his bachelor's degree in genetics from Wuhan University (武漢大學) in the PRC in July 1995. He obtained his PhD. in immunology from the Peking Union Medical College (北京協和醫學院) in the PRC in July 2004. He was a post-doctorate fellow in immunology at the University of Maryland School of Medicine in the USA from January 2005 to October 2010.

Non-executive Directors

Mr. Qi CHEN (陳奇), aged 46, has been a Director since June 21, 2018, and was re-designated as a non-executive Director on April 3, 2021. He participates in decision-making in respect of major matters such as corporate and business strategies.

From April 2001 to November 2015, he was a senior software engineer at Motorola Solutions (China) Co., Ltd. Since June 2017, he was an AI architect at Multipoint Life (Chengdu) Technology Co., Ltd. (多點生活(成都)科技有限公司).

Mr. Chen obtained his bachelor's degree in electrical engineering from (浙江大學) in PRC in July 1996.

Dr. Dong LYU (呂東), aged 46, has been a Director since March 3, 2021, and was re-designated as a non-executive Director on April 3, 2021. He participates in decision-making in respect of major matters such as corporate and business strategies.

From July 2011 to July 2016, Dr. Lyu served as a vice president of the pharmaceutical and medical device investment department at Shanghai Panxin Equity Investment Management Co., Ltd. (上海磐信股權投資管理有限公司). From September 2016 to September 2020, Dr. Lyu worked in PAG Growth (Zhuhai) Holding Investment Management Co., Ltd (太盟成長(珠海)股權投資管理有限公司), where he served as the managing director. Subsequently, in September 2020, Dr. Lyu joined Zhuhai Hillhouse Investment Management Holding Co., Ltd (珠海高瓴股權投資管理有限公司), where he currently serves as the managing director. Since November 2020, Dr. Lyu has served as a non-executive director at Jacobio Pharmaceuticals Group Co., Ltd., a company listed on the Stock Exchange (stock code: 1167).

Dr. Lyu obtained his bachelor's degree in pharmacy from the Beijing Medical University (北京醫科大學) (currently known as the Peking University Health Science Center (北京大學醫學部)) in July 1996, his master's degree in pharmaceutics from the Peking University (北京大學) in June 2003 and his doctoral degree in social and administrative pharmacy from the China Pharmaceutical University (中國藥科大學) in June 2010.

Dr. Min Chuan WANG (王閩川), aged 42, has been a Director since March 3, 2021, and was re-designated as a non-executive Director on April 3, 2021. He participates in decision-making in respect of major matters such as corporate and business strategies.

From May 2010 to March 2016, Dr. Wang served at Hony Capital (弘毅投資) as vice president of its health care department. Since August 2016, he has been the founding managing partner of 3H Health Investment (三正健康投資), where he participates in matters related to the establishment and management of the healthcare investment funds and leads its biotech and biopharmaceutical investments.

Dr. Wang also sits on the Hong Kong Stock Exchange's Biotech Advisory Panel (香港聯合交易所生物科技諮詢小組) and the HKSAR Innovation and Technology Fund's Research Project Assessment Panel (香港特別行政區政府創新及科技基金研究項目評估委員會).

Dr. Wang received his bachelor's degree in pharmacy from Peking University in July, 2001. He then obtained his M.Phil. and his Ph.D. from Cambridge University in the United Kingdom in July 2009.

Mr. Yilun LIU (劉逸倫), aged 34, has been a Director since March 3, 2021, and was re-designated as a non-executive Director on April 3, 2021. He participates in decision-making in respect of major matters such as corporate and business strategies.

Mr. Liu has experience working in the financial industry, including serving as the head of special situation at Anatole Investment Management Limited (晨曦投資管理有限公司). Since April 2018, Mr. Liu has been an executive director at Boyu Capital.

Mr. Liu received his bachelor of science degree in marketing from Fudan University (復旦大學) in the PRC in July 2009. He then obtained his master of business administration degree from Columbia Business School in May 2015.

Independent Non-executive Directors

Prof. Xiao-Fan WANG (王小凡), aged 65, was appointed as an independent non-executive Director on April 3, 2021 (effective upon Listing). He is responsible for providing independent advice and judgment to our Board.

Prof. Wang is currently Donald and Elizabeth Cooke Professor of Experimental Oncology and Professor of Pharmacology and Cancer Biology at Duke University Medical Center. In November 2017, He was elected as a foreign academician of the Chinese Academy of Sciences (中國科學院). Since 2012 to 2013, he served as the president of the Society of Chinese Bioscientist in America. Since 2010, he has served as a member of the Expert Group of the Major Science Program of the PRC Ministry of Science and Technology (科技部重大科學計劃專家組). He was a member of the Overseas Expert Advisory Committee of the Overseas Chinese Affairs Office of the State Council (國務院僑辦海外專家諮詢委員會).

Prof. Wang has published more than 160 papers and have been cited more than 16,000 times. From 1992 to 1998, he was an assistant professor in the Department of Pharmacology and Cancer Biology of Duke University. He became an associate professor in 1998, and was promoted to full professorship in 2003. He was appointed the Donald and Elizabeth Cooke Distinguished Professor in 2009.

Prof. Wang obtained his bachelor of science degree in biochemistry from Wuhan University (武漢大學) in the PRC in 1982. In 1986, he received his Ph.D. from the University of California, Los Angeles, and then worked as a postdoctoral researcher at the Massachusetts Institute of Technology.

Prof. Yang KE (柯楊), aged 65, was appointed as an independent non-executive Director on April 3, 2021 (effective upon Listing). She is responsible for providing independent advice and judgment to our Board.

Prof. Ke is currently the director of Laboratory of Genetics of Peking University Cancer Hospital (北京大學腫瘤醫院) and an international member of the United States National Academy of Medicine. Prof. Ke is also Vice-president of the Peking University Alumni Association (北京大學校友會), President of the Peking University Health Science Center Alumni Association (北京大學醫學部校友會), Vice-president of the Chinese Medical Association (中華醫學會), President of the Health Professional Education Committee of the Chinese Association of Higher Education (中國高等教育學會醫學教育專業委員會), and Vice-chairperson of the Steering Committee of Clinical Medicine of the Committee of Academic Degrees of the State Council (國家學位委員會臨床醫學教學指導委員會).

Prof. Ke's research focus is on the upper gastrointestinal tumors, including the cloning of gastric cancer related genes and the functional study of such genes. Together with her team, she has also established the population cohort in esophageal cancer high incidence regions in China, studied the etiology of esophageal cancer, and evaluated the effects and economic efficacy of early screening of the disease. She has published more than 100 papers and had registered patents and been granted awards at national and provincial levels for technological and educational achievements.

Prof. Ke was a member of the 11th and 12th National Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議), an executive Vice-president of Peking University (北京大學) and of the Peking University Health Science Center (北京大學醫學部), a member of the Committee of Academic Degrees of the State Council (國務院學位委員會) and the Chairperson of the Working Committee for Medical and Pharmaceutical of the Chinese Society of Academic Degrees and Graduate Education (中國學位與研究生教育學會醫藥科工作委員會). Since August 2019, Prof. Ke has been an independent non-executive director of Tencent Holdings Limited, a company listed on the Stock Exchange (stock code: 700).

Prof. Ke graduated from Beijing Medical College (北京醫學院) (subsequently known as Beijing Medical University (北京醫科大學) and currently known as Peking University Health Science Center (北京大學醫學部)) in 1982. From 1985 to 1988, Prof. Ke worked at the National Cancer Institute of the National Institutes of Health of the United States as a postdoctoral fellow.

Mr. Cheuk Kin Stephen LAW (羅卓堅), aged 58, was appointed as an independent non-executive Director on April 3, 2021 (effective upon Listing). He is responsible for providing independent advice and judgment to our Board.

Mr. Law worked at Wheelock and Company Limited (會德豐有限公司), a company formerly listed on the Stock Exchange (stock code: 0020) and The Wharf (Holdings) Limited (九龍倉集團有限公司), a company listed on the Stock Exchange (stock code: 0004) from 1995 to 2000; Morningside Group (晨興創投集團) from 2000 to 2006; and TPG Growth Capital (Asia) Limited from July 2006 to September 2012, where he last served as a managing director. Mr. Law served as (the chief financial officer of Guoco Group Limited (國浩集團有限公司), a company listed on the Stock Exchange (stock code: 0053) from October 2012 to June 2013; (ii) the finance director of MTR Corporation Ltd., a company listed on the Stock Exchange (stock code: 0066) from July 2013 to July 2016; (iii) an adjunct professor of the Hong Kong Polytechnic University from 2015 to 2017; (iv) the independent non-executive director of AAG Energy Holdings Limited (亞美能源控股有限公司), a company listed on the Stock Exchange (stock code: 2686) from July 2016 to September 2018 and (v) an independent non-executive director of Stealth BioTherapeutics Inc., a company listed on NASDAQ (ticker symbol: MITO) from June 2018 to July 2019. He has been the managing director of ANS Capital Limited since 2017. Mr. Law has been an independent non-executive director of the following companies which are listed on the Stock Exchange: (i) China Everbright Limited (中國光大控股有限公司) (stock code: 0165) since May 2018; (ii) Somerley Capital Holdings Limited (新百利融資控股有限公司) (stock code: 8439) since February 2019; (iii) Bank of Guizhou Co., Ltd. (貴州銀行股份有限公司) (stock code: 6199) since November 2018, (iv) China Galaxy Securities Co., Ltd. (中國銀河證券股份有限公司) (stock code: 06881) since June 2020 and (v) CSPC Pharmaceutical Group Limited (石藥集團有限公司) (stock code: 1093) since March 2021. Mr. Law is also an independent non-executive director of Bio-Thera Solutions, Ltd. (百奧泰生物製藥股份有限公司).

Notwithstanding Mr. Law's engagement as independent non-executive director on five companies listed on the Stock Exchange, Mr. Law confirmed that he would devote sufficient time to act as our independent non-executive Director based on the following:

(i) none of his current commitment as an independent non-executive director of those listed companies would require his full time involvement and he has not participated in the day-today operations of those listed companies;

(ii) with his background and experience, he is fully aware of the responsibilities and expected time involvements for an independent non-executive director. He has not found difficulties in devoting his time to multiple companies and he is confident that with his experience in taking on multiple corporate roles, he will be able to discharge his duties to our Company;

(iii) he has attended most of the board meetings of the listed companies where he is an independent non-executive director and none of the listed companies that he has directorship with has questioned or complained about his time devoted to such listed companies; and

(iv) his role in our Group is non-executive in nature and he will not be involved in the daily management of our Group's business. Thus his engagement as an independent non-executive Director will not require his full-time participation.

Based on the foregoing, our Directors do not have reasons to believe that the various positions currently held by Mr. Law will result in Mr. Law not having sufficient time to act as our independent non-executive Director or not properly discharging his fiduciary duties as a director of our Company. Nevertheless, pursuant to the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**"), our Board will (i) regularly review the contribution required from our Directors to perform their respective responsibilities to us, and whether each Director is spending sufficient time in performing their responsibilities; (ii) at the time when it proposes a resolution to elect an individual as an independent non-executive Director at the general meeting, set out the reasons in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why our Board believes such individual should be elected, the reasons why such individual is considered to be independent by our Board and, if required under the Corporate Governance Code, explain why such individual would still be able to devote sufficient time to our Board.

Mr. Law obtained his bachelor's degree majoring in science (civil engineering) from University of Birmingham in the United Kingdom in July 1984 and his MBA degree from University of Hull in the United Kingdom in July 1996. Mr. Law was a council member of the Hong Kong Institute of Certified Public Accountants (HKICPA) from January 2010 to December 2017. Mr. Law is now a member of the HKICPA and the Institute of Chartered Accountants in England and Wales, a council member of Hong Kong Business Accountants Association Ltd. (HKBAA) and an expert accounting consultant appointed by the Ministry of Finance in the PRC. Mr. Law is also a council member of The Hong Kong Independent Non-Executive Director Association Limited (HKiNEDA). Mr. Law has accounting qualifications in Hong Kong and the United Kingdom.

Prof. Linqing LIU (劉林青), aged 46, is an independent non-executive Director of our Company and was appointed as an independent non-executive Director on April 3, 2021 (effective upon Listing). Prof. Liu has taught at the Economics and Management School of Wuhan University (武漢大學經濟與管理學院) since July 2002 and now serves as a professor and doctoral supervisor. He is also the director of the Department of Business Administration of Wuhan University (武漢大學工商管理系) and the director of the Institute of Business Strategic Management of Wuhan University (武漢大學企業戰略管理研究所). His research areas focus on corporate strategic management, business administration and management education. Prof. Liu was an independent non-executive director of Aotecar New Energy Technology Co., Ltd (奧特佳新能源科技股份有限公司) (formerly known as Jiangsu Kingfield

Garments Co., Ltd. (江蘇金飛達服裝股份有限公司)) (stock code: 002239), a listed company on the Shenzhen Stock Exchange. Prof. Liu was an independent non-executive director of Wuhan Humanwell Hi-tech Ind. Co., Ltd. (人福醫藥集團股份有限公司) (stock code: 600079), a listed company on the Shanghai Stock Exchange from 2009 to 2015. He is currently an independent director of HuBei SanFeng Intelligent Convey Co., Ltd. (湖北三豐智能輸送裝備股份有限公司) (stock code: 300276) and Wuhan P&S Information Co., Ltd. (武漢力源信息技術股份有限公司) (stock code: 300184), both listed on the Shenzhen Stock Exchange as well as Mabpharm Limited (stock code: 2181), a company listed on the Stock Exchange.

Prof. Liu graduated from Wuhan University (武漢大學), with a double bachelor degree in science and management and a master degree in management in 1995 and 1999, respectively. Prof. Liu obtained a doctorate degree in management from Wuhan University (武漢大學) in 2002. Prof. Liu was accredited as a certified public accountant by the Hubei Institute of Certified Public Accountants (湖北註冊會計師協會) in December 2009.

General

Our Directors have confirmed that:

(1) save as disclosed in the section headed "Statutory and General Information – C. Further Information about Directors and Substantial Shareholders – 2. Particulars of Directors' Service Contracts and Letters of Appointment" in Appendix IV to this prospectus, none of our Directors has any existing or proposed service contract with our Company or any of its subsidiaries other than contracts expiring or determinable by the relevant member of our Group within one year without payment of compensation (other than statutory compensation);

(2) save as disclosed in the section headed "Statutory and General Information – C. Further Information about Directors and Substantial Shareholders – 1. Disclosure of interests" in Appendix IV to this prospectus and above, each of our Directors has no interests in the Shares within the meaning of Part XV of the SFO;

(3) save as disclosed above, each of our Directors has not been a director of any other publicly listed company during the three years prior to the Latest Practicable Date and as at the Latest Practicable Date;

(4) save as disclosed herein, other than being a Director of our Company, none of our Directors has any relationship with any other Directors, senior management of our Company or substantial shareholders of our Company or Controlling Shareholders; and

(5) none of our Directors completed their respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

Except as disclosed in this prospectus, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries:

(1) there is no other matter with respect to the appointment of our Directors that need to be brought to the attention to the Shareholders as at the Latest Practicable Date; and

(2) there is no other information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as at the Latest Practicable Date.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below sets out certain information in respect of the senior management of the Group.

Name	Position	Age	Date of appointment as senior management of our Group	Time of joining the Group	Role and responsibility	Relationship with other Directors and senior management
Bo CHEN	Chairman and chief executive officer	47	December 2016	December 2016	Overall strategic planning, business direction and operational management	N/A
Changyu WANG	Senior vice president	56	May 2018	May 2018	Directing and overseeing overall research and development management	N/A
Gang XU (徐剛)	Senior vice president	47	September 2016	September 2016	Directing and overseeing drug discovery and early stage research	N/A
Qian JIA (賈茜)	Senior vice president	55	March 2018	March 2018	Overseeing manufacturing and quality control of drug candidates	N/A

Name	Position	Age	Date of appointment as senior management of our Group	Time of joining the Group	Role and responsibility	Relationship with other Directors and senior management
Yan ZHANG (張彥)	Vice president	45	October 2020	October 2020	Overseeing clinical studies	N/A
Yanrong ZHANG (張延榮)	Chief financial officer, Joint company secretary	33	September 2020	September 2020	Overall management of financial, fundraising and business development	N/A

Dr. Bo CHEN, see "– Directors – Executive Directors" for details.

Dr. Changyu WANG, see "– Directors – Executive Directors" for details.

Dr. Gang XU (徐剛), see "– Directors – Executive Directors" for details.

Dr. Qian JIA (賈茜), aged 55, has been a senior vice president of the Company since March 2018. She has been the senior vice president of Chengdu Keymed and is responsible for development and evaluation of drug candidates, pharmaceutical research and registration matters she is also the general manager of Chengdu Kangnuo Xing, where she is responsible for pilot-scale experiments, the design of production base, and production management.

Dr. Jia had over 33 years of experience in pharmaceutical research. From July 1987 to July 2011, she worked at North China Pharmaceutical Group New Drug Research and Development Co., Ltd. (華北製藥集團新藥研究開發有限責任公司) ("**North China Pharmaceutical Group**"). She last served as its senior vice president, chief scientist, and director of the state key laboratory for antibody drug development. Under her leadership, North China Pharmaceutical Group received the title of "National Laboratory for Antibody Development" from the Ministry of Science and Technology of the PRC. From June 2011 to June 2015, she was the vice general manager of Shanghai Biomax Pharmaceutical Co., Ltd. (上海百邁博製藥有限公司), where she was primarily responsible for quality control. From June 2015 to March 2018, she was the deputy general manager at Shanghai Xiesheng Pharmaceutical Technology Co., Ltd. (上海諧生醫藥科技有限公司). She had been an adjunct professor at Wuhan University (武漢大學) in the PRC.

Dr. Jia obtained her bachelor's degree in virology and molecular biology from Wuhan University in July 1987. She then obtained her master's degree in pharmaceutical analysis from Hebei Medical University (河北醫科大學藥學院) in June 2002. In July 2006, she obtained her PhD. in pathogen molecular biology from the Chinese Center for Disease Control and Prevention (中國疾病控制中心). Dr. Jia was also recognized as a senior engineer (正高級工程師) in pharmaceutical engineering by the Title Reform Leading Group Office of Hebei Province (河北省職稱改革領導小組) in December 2004.

Ms. Yan ZHANG (張彥), aged 45, has been a vice president of the Company since October 2020, and is responsible for overseeing clinical studies. She has also been the vice president of medical affairs at Chengdu Keymed.

Ms. Zhang has over 20 years of experience in the clinical medical and pharmaceutical industries. From August 2001 to February 2003, she was a doctor in Peking University Institute of Hematology (北京大學血液病研究所) at Peking University People's Hospital (北京大學人民醫院). From February 2003 to March 2009, she worked at China Medical Tribune (中國醫學論壇報), where her last position was chief editor for Oncology Weekly (腫瘤周刊). From July 2009 to April 2011, she was the medical science liaison (MSL) of oncology at Shanghai branch of the Sanofi (China) Investment Co., Ltd. (賽諾菲(中國)投資有限公司上海分公司). From April 2011 to February 2013, she was MSL Supervisor of oncology at Xi'an Janssen Pharmaceutical Co., Ltd. (西安楊森製藥有限公司), where her last position was MSL supervisor of oncology. From May 2013 to May 2016, she served at Bayer Healthcare Company LTD. (拜耳醫藥保健有限公司). From November 2016 to May 2017, she was the clinical research director at Shanghai Haihe Pharmaceutical Research and Development Co. Ltd. (上海海和藥物研究開發股份有限公司). From May 2017 to November 2018, she was the senior medical director at WuXi Clinical Development Services (Shanghai) Co., Ltd. (上海康德弘翼醫學臨床研究有限公司), a subsidiary of WuXi AppTec Co., Ltd., which is listed on the Stock Exchange (stock code: 2359) and the Shanghai Stock Exchange (stock code: 603259). Then she joined and served as the senior director of clinical development at InxMed (Beijing) Co., Ltd. (應世匯康(北京)生物科技有限公司) until September 2020.

Ms. Zhang obtained her bachelor's and master's degree in clinical medicine in July 2001 from Peking University Health Science Center (北京大學醫學部) in the PRC. In December 2001, she obtained her qualification as a medical practitioner from the Ministry of Health of the PRC (中華人民共和國衛生部).

Mr. Yanrong ZHANG (張延榮), aged 33, has been the chief financial officer of the Company since September 2020, and is responsible for overall management of financial, fundraising and business development. He is also a vice president of Chengdu Keymed.

From July 2012 to September 2020, he worked at the investment banking department of China International Capital Corporation (中金公司), with his last position as vice president.

Mr. Zhang graduated with a bachelor's degree in business administration from Shandong University (山東大學) in the PRC in July 2009. He then obtained his master's degree from the University of Sheffield in the United Kingdom in January 2011.

General

Save as disclosed above, each of our senior management members has confirmed that:

(1) he/she does not hold and has not held any other positions in our Company and any other members of our Group as at the Latest Practicable Date;

(2) save as being a member of the Company's senior management, he/she does not have any other relationship with any Directors, substantial shareholders of our Company, our Controlling Shareholders or other members of senior management of our Group as at the Latest Practicable Date;

(3) save as disclosed above, he/she does not hold and has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date and as at the Latest Practicable Date; and

(4) save as disclosed above, he/she has not completed their respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

JOINT COMPANY SECRETARIES

Mr. Yanrong ZHANG (張延榮), aged 33, was appointed as a joint company secretary of our Company on April 3, 2021. He is also a member of senior management of our Company. See "– Senior Management" for details.

Mr. Keith Shing Cheung WONG (王承鏘), was appointed as a joint company secretary of our Company on April 3, 2021. Mr. Wong has been a senior manager of SWCS Corporate Services Group (Hong Kong) Limited ("**SWCS**") since March 2020, mainly responsible for managing the company secretarial and compliance work for companies listed on Stock Exchange. Prior to joining SWCS, Mr. Wong worked at the international accounting firm KPMG, Huajun Holdings Limited (now known as China Huajun Group Limited, a company listed on the Stock Exchange (stock code: 0377)), and the Listing Division of the Stock Exchange. Mr. Wong obtained a bachelor's degree in finance, accounting and management from University of Nottingham in July 2009. He is currently a member of the Hong Kong Institute of Certified Public Accountants.

COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

- before the publication of any announcements, circulars or financial reports required by regulatory authorities or applicable laws;

- where a transaction, which might be a notifiable or connected transaction under Chapters 14 and 14A of the Listing Rules is contemplated, including share issues and share repurchases;

- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and

- where the Stock Exchange makes an inquiry of us regarding unusual price movement and trading volume or other issues under Rule 13.10 of the Listing Rules.

The terms of the appointment shall commence on the Listing Date and end on the date which we distribute our annual report of financial results for the first full financial year commencing after the Listing Date.

BOARD COMMITTEES

We have established the following committees on our Board: an audit committee, a remuneration committee and a nomination committee. The committees operate in accordance with the terms of reference established by our Board.

Audit Committee

The Company has established an audit committee (effective from the Listing Date) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 and paragraph D.3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "Corporate Governance Code"). The audit committee consists of Mr. Cheuk Kin Stephen Law, Mr. Qi Chen and Prof. Linqing Liu. Mr. Cheuk Kin Stephen Law holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The chairperson of the audit committee is Mr. Cheuk Kin Stephen Law. The primary duties of the audit committee are to assist our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process, and performing other duties and responsibilities as assigned by our Board.

Remuneration Committee

The Company has established a remuneration committee (effective from the Listing Date) with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the Corporate Governance Code. The remuneration committee consists of Prof. Xiao-Fan Wang, Dr. Changyu Wang and Prof. Yang Ke, with Prof. Xiao-Fan Wang as the chairperson. The primary duties of the remuneration committee include, but are not limited to, the following: (i) making recommendations to our Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and

transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Board from time to time.

Nomination Committee

The Company has established a nomination committee (effective from the Listing Date) with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code. The nomination committee consists of Dr. Bo Chen, Prof. Xiao-Fan Wang and Prof. Linqing Liu, with Dr. Bo Chen as the chairperson. The primary functions of the nomination committee include, without limitation, reviewing the structure, size and composition of our Board, assessing the independence of independent non-executive Directors and making recommendations to our Board on matters relating to the appointment of Directors.

CORPORATE GOVERNANCE

Code Provision A.2.1 of the Corporate Governance Code

Under paragraph A.2.1 of the Corporate Governance Code, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. Dr. Chen is our chairman of the Board and the chief executive officer of our Company. With extensive experience in the pharmaceutical industry and having served in our Company since its establishment, Dr. Chen is in charge of overall strategic planning, business direction and operational management of our Group. Our Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of our Board and our senior management, which comprises experienced and diverse individuals. Our Board currently comprises three executive Directors (including Dr. Chen), four non-executive Directors and four independent non-executive Directors, and therefore has a strong independence element in its composition.

Save as disclosed above, our Company intends to comply with all code provisions under the Corporate Governance Code after the Listing.

Board Diversity

In order to enhance the effectiveness of the Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out our objectives and approach to achieve and maintain diversity of the Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to the Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board.

The Board comprises 11 members, including three executive Directors, four non-executive Directors and four independent non-executive Directors. Our Directors have a balanced mix of knowledge, skills, perspectives and experience, including overall management and strategic development, business, science, investment, accounting and consulting. They obtained professional and academic qualifications including Ph.D. in pharmaceutical and other areas, as well as accounting qualifications. Furthermore, the Board possesses members spanning a wide range of ages, from 34 years old to 65 years old. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of the Board satisfies our board diversity policy, and the Board and the nomination committee of the Company will assess the Board composition regularly.

Given that one out of eleven of our Directors is female upon Listing, we will continue to take steps to promote gender diversity at the Board of our Company. After the Listing, we will strive to achieve gender balance of the Board through certain measures to be implemented by our nomination committee in accordance with our board diversity policy. In particular, we will actively identify female individuals suitably qualified to become our Board members and we aim to achieve a target of approximately 20% female representation in our Board. To further ensure gender diversity of our Board in a long run, our Group will also identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be reviewed by our nomination committee periodically in order to develop a pipeline of potential successors to our Board to promote gender diversity of our Board.

Our nomination committee is responsible for reviewing the diversity of the Board. After Listing, our nomination committee will continue to monitor and evaluate the implementation of the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy, including any measureable objectives set for implementing the board diversity policy and the progress on achieving these objectives on an annual basis. We will also continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at the Board and senior management levels.

KEY TERMS OF EMPLOYMENT CONTRACTS

We normally enter into (i) an employment contract and (ii) a confidentiality and non-competition agreement with our senior management members and other key personnel (other than Directors). Below sets forth the key terms of these contracts we enter into with our senior management and other key personnel.

Confidentiality

- *Confidentiality obligations*. The employee shall, during the course of employment with the Group and thereafter, keep in confidence all technical, operational information or trade secrets belonging to the Company or other third parties to whom the Group owes confidentiality obligations. Without the Group's prior consent, the employee shall not leak, disclose, publish, announce, issue, teach, transfer or otherwise make available to any third party (including employees who are not privy to such trade secrets) any such trade secrets of the Group or the aforementioned third parties in any manner and shall not utilize such trade secret beyond his or her scope of work.

Ownership of intellectual work products

- *Acknowledgement:* The employee acknowledges and agrees that the Group shall own all intellectual work products he or she produces during the course of employment with the Group for the purposes of undertaking their duties and responsibilities.

Non-competition

- *Non-competition obligation during employment term*. During the term of his/her employment with our Company, unless with the Group's prior consent, the employee shall not engage in any business that competes with or are similar to that of the Group's business.

- *Non-competition obligation following termination of employment relationship*. Within two years after termination of the employment relationship between the employee and the Group, the employee shall not serve in any capacity at any company engaged in a business competing with that of the Group.

Compensation for breach of covenants

- If the employee breaches the obligations under the confidentiality, intellectual property and non-competition agreement, our Group shall be entitled to recover from the employee any losses incurred and any profits earned by the employee as a result of the breaches.

RESTRICTED SHARE UNIT SCHEME

We have adopted the Restricted Share Unit Schemes. The principal terms of the Share Incentive Schemes are summarized in the paragraph headed "Statutory and General Information – D. Share Incentive Schemes – 1. RSU Scheme" in Appendix IV to this prospectus.

COMPENSATION OF DIRECTORS AND MANAGEMENT

Our Directors receive compensation in the form of fees, salaries, bonuses, other allowances and benefits in kind, including the Company's contribution to the pension scheme on their behalf. We determine the salaries of our Directors based on each Director's responsibilities, qualification, position and seniority.

The aggregate amount of remuneration which was paid to our Directors for the years ended December 31, 2019 and December 31, 2020 were RMB1.17 million and RMB0.92 million, respectively.

It is estimated that remuneration and benefits in kind (excluding any possible payment of discretionary bonus) equivalent to approximately RMB5.2 million in aggregate will be paid and granted to our Directors by us in respect of the financial year ending December 31, 2021 under arrangements in force at the date of this prospectus.

The aggregate amount of remuneration which were paid by the Group to our five highest paid individuals (including both employees and Directors) for the years ended December 31, 2019 and December 31, 2020 were approximately RMB4.82 million and RMB5.15 million, respectively.

During the Track Record Period, (i) no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining our Group, (ii) no compensation was paid to, or receivable by, our Directors or past Directors or the five highest paid individuals for the loss of office as director of any member of our Group or any other office in connection with the management of the affairs of any member of our Group, and (iii) none of our Directors waived any emoluments.

Our Directors' remuneration is determined with reference to the relevant Director's experience and qualifications, level of responsibility, performance and the time devoted to our business, and the prevailing market conditions.

For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please see Note 8 and 9 of the Accountants' Report set out in Appendix I to this prospectus.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

FUTURE PLANS

For a detailed description of our future plans, please refer to the paragraph headed "Business – Our Strategies" in this prospectus.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to our Company from the Global Offering (after deducting underwriting commissions and other estimated expenses in connection with the Global Offering paid and payable by us taking into account any additional discretionary incentive fee and assuming that the Over-allotment Option is not exercised and an Offer Price of HK$51.90 per Share, being the mid-point of the indicative Offer Price range of HK$50.50 to HK$53.30 per Share) will be approximately US$368.88 million (HK$2,863.81 million). We currently intend to apply such net proceeds we will receive from this offering for the following purposes:

(a) approximately 60%, or US$221.33 million (HK$1,718.30 million), will be used primarily for the R&D and commercialization of our following core and key products in the next three to five years:

    (i) approximately 40 %, or US$147.55 million (HK$1,145.50 million), will be used for ongoing and planned clinical trials, preparation for registration filings and planned commercial launch of our Core Product, CM310 (IL-4Rα antibody), of which (a) 10%, or US$36.89 million (HK$286.40 million), will be used for funding ongoing and planned clinical trials of CM310 for the treatment of moderate to severe AD, including but not limited to the ongoing Phase IIb trial and planned Phase III trial in adults, and planned trials in children and adolescents in China, and the preparation of relevant registration filing and other regulatory matters, (b) 5%, or US$18.45 million (HK$143.20 million), will be used for funding ongoing and planned clinical trials of CM310 for the treatment of CRSwNP, including but not limited to the ongoing Phase II trial and planned Phase III trial in China, and the preparation of relevant registration filing and other regulatory matters, (c) 10%, or US$36.89 million HK$286.40 million), will be used for clinical trials of CM310 for the treatment of other indications, including but not limited to eosinophilic esophagitis, chronic spontaneous urticaria and allergic fungal rhinosinusitis; (d) 5%, or US$18.45 million (HK$143.20 million), will be used for pre-clinical evaluations to support indication expansions of CM310; and (e) 10%, or US$36.89 million (HK$286.40 million), will be used for the preparation of commercial launches (including sales and marketing) of CM310;

(ii) approximately 10%, or US$36.89 million (HK$286.40 million), will be used to ongoing and planned clinical trials of CMG901 (Claudin 18.2 ADC), including but not limited to the ongoing Phase I trial in advanced solid tumors in China, through capital contribution to KYM, our joint venture with Lepu Biopharma; and

(iii) approximately 10%, or US$36.89 million (HK$286.40 million), will be used for ongoing and planned clinical trials to evaluate CM326 (TSLP antibody) for the treatment of asthma patients, including but not limited to the Phase Ia trial in healthy subjects;

(b) approximately 15%, or US$55.34 million (HK$429.60 million), will be used for preclinical evaluation and clinical development of our other pipeline products, including CM313 (CD38 antibody), MIL95/CM312 (CD47 antibody), CM338 (MASP-2 antibody), CM355 (CD20xCD3 bispecific), CM350 (GPC3xCD3 bispecific), and CM336 (BCMAxCD3 bispecific).

(c) approximately 15%, or US$55.34 million (HK$429.60 million), will be used for the payment for the lease of our new manufacturing and R&D facilities and procurement of machinery and equipment. We expect the first phase of our new commercial scale manufacturing facility to be completed in 2022, which will provided us with additional manufacturing capacity of 16,000 L. Please refer to the paragraphs headed "Business – Our Platform – CMC and Manufacturing – cGMP Compliant Facility" for further details, and;

(d) approximately 10%, or US$36.89 million (HK$286.40 million), will be used for our general corporate and working capital purposes.

If the Over-allotment Option is exercised in full, the net proceeds of the Global Offering would increase to approximately US$424.91 million (HK$3,298.76 million) (based on the mid-point Offer Price of HK$51.90 per Share). We intend to apply the additional net proceeds to the above uses in the proportions stated above.

The allocation of the proceeds used for the above will be adjusted in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated Offer Price range. If the Offer Price is fixed at HK$53.30 per Share, being the high end of the stated Offer Price range, our net proceeds will (i) assuming the Over-allotment Option is not exercised, be increased by approximately US$10.08 million (HK$78.22 million), or (ii) assuming the Over-allotment Option is exercised in full, be increased by approximately US$11.59 million (HK$89.95 million). In such circumstances, we currently intend to use such additional proceeds to increase the net proceeds applied for the same purposes as set out above on a pro rata basis. If the Offer Price is fixed at HK$50.50 per Share, being the low end of the stated Offer Price range, our net proceeds will (i) assuming the Over-allotment Option is not exercised, be decreased by approximately US$10.08 million (HK$78.22 million), or (ii)

assuming the Over-allotment Option is exercised in full, be decreased by approximately US$11.59 million (HK$89.95 million). In such circumstances, we currently intend to reduce the net proceeds applied for the same purposes as set out above on a pro rata basis.

To the extent that our net proceeds are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings.

To the extent that the net proceeds from the Global Offering are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will be placed in short-term demand deposits with banks in Hong Kong or China.

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

HONG KONG UNDERWRITERS

Morgan Stanley Asia Limited
China International Capital Corporation Hong Kong Securities Limited
Huatai Financial Holdings (Hong Kong) Limited
China Everbright Securities (HK) Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement entered into on June 24, 2021, we are offering 5,827,000 Hong Kong Offer Shares (subject to reallocation) for subscription by the public in Hong Kong on the terms and subject to the conditions in this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering as mentioned in this prospectus (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option) and such approval not having been withdrawn, and (b) certain other conditions set out in the Hong Kong Underwriting Agreement (including, amongst other things, the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and our Company, agreeing upon the Offer Price), the Hong Kong Underwriters have agreed, severally but not jointly to subscribe, or procure subscribers to subscribe for their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions as set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, amongst other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination, if, at any time prior to 8:00 a.m. on the Listing Date:

(a) there shall develop, occur, exist or come into effect:

  (i) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, epidemic, pandemic, large scale outbreaks of diseases (including, without limitation, SARS, swine or avian flu, H5N1, H1N1, H7N9, contagious coronavirus (COVID-19) and such related/mutated forms), accident or interruption or delay in transportation, economic sanctions, strikes, labour disputes, lock-outs, fire, explosion,

flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed)) in or affecting the Cayman Islands, the BVI, Hong Kong, the PRC, the United States, the United Kingdom or the European Union (or any member thereof) or any other jurisdiction relevant to the Group (collectively, the "**Relevant Jurisdictions**");

(ii) any change or development involving a prospective change, or any event or circumstances or series of events likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market matters or conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions;

(iii) any moratorium, suspension or restriction (including, without limitation, 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;

(iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), the PRC, New York (imposed at the U.S. Federal or New York State level or by any other competent authority), London, the European Union (or any member thereof), or any of the other Relevant Jurisdictions (declared by the relevant authorities), or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions;

(v) any new law or regulation 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 existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or any governmental authority in or affecting any of the Relevant Jurisdictions;

(vi) the imposition of economic sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions in respect of any jurisdiction relevant to the business operations of any member of the Group;

(vii) any change or development involving a prospective change or amendment in or affecting taxation or foreign 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, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or the Renminbi is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions or adversely affecting an investment in the Offer Shares;

(viii) a Director or a member of the Group's senior management as named in this prospectus being charged with an indictable offense or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company;

(ix) the issue or requirement to issue by the Company of a supplement or amendment to this prospectus, the Application Form, the offering circulars or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC;

(x) a valid demand by any creditor for repayment or payment of any material indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity;

(xi) any change or development involving a prospective change in, or a materialization of, any of the risks set out in the section headed "Risk Factors" of this prospectus;

(xii) any litigation, dispute, legal action or claim of any third party or regulatory, administrative investigation or action being threatened, instigated or announced against any member of the Group;

(xiii) any contravention by the Company or any member of the Group of any applicable laws and regulations including the Listing Rules;

(xiv) any non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws and regulations; or

(xv) the chief executive officer, chief financial officer, any Director or members of senior management of the Company is vacating his or her office;

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters), (1) has or will or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profit, losses, earnings, results of operations, performance, position or condition, financial or otherwise, of the Group as a whole; (2) has or will have or may have a material adverse effect on the success or marketability of the Global Offering or the level of applications or the distribution of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Offering; (3) makes or will make or is likely to make it inadvisable, inexpedient, impracticable or incapable for the Hong Kong Public Offering and/or the International Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by this prospectus; or (4) has or will 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 that:

(i) any statement contained in, among other things, this prospectus, the Application Form, the application proof, the post-hearing information pack, the formal notice, the price determination agreement, the receiving banks agreement, the registrar agreement, the cornerstone investment agreements, the pricing disclosure package, the preliminary offering circular, the final offering circular, and/or in any notices, announcements, advertisements, communications or other documents (including any announcement, circular, document or other communication pursuant to the Hong Kong Underwriting Agreement) issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering and the Global Offering (including any supplement or amendment thereto (the "**Offer-Related Documents**") but excluding information relating to the Underwriters) was, when it was issued, or has become, untrue, incorrect, inaccurate, incomplete in any material respects or misleading or deceptive, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of such documents is not fair and honest and based on reasonable grounds or reasonable assumptions;

(ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from, or misstatement in, any of the Offer-Related Documents;

(iii) there is a material breach of any of the obligations imposed upon the Company or the Controlling Shareholders under the Hong Kong Underwriting Agreement or the International Underwriting Agreement or any of the cornerstone investment agreements, as applicable;

(iv) there is an event, act or omission which gives or is likely to give rise to any material liability of the Company or the Controlling Shareholders pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable;

(v) there is any material adverse change or development or likely to be any prospective material adverse change or development in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, earnings, solvency, liquidity position, funding, results of operations, position or condition, financial or otherwise, or performance, of the Group as a whole;

(vi) there is a breach of, or any event or circumstance rendering untrue, incorrect, incomplete or misleading in any respect, any of the warranties given by the Company and the Controlling Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable;

(vii) the approval of the Listing Committee of the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Global Offering (including the additional Shares which may be issued upon the exercise of the Over-Allotment Option) 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, cancelled, qualified (other than by customary conditions), revoked or withheld;

(viii) any person has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears;

(ix) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering;

(x) that a material portion of the orders placed or confirmed in the bookbuilding process, or of the investment commitments made by any cornerstone investors under agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled;

(xi) there is a prohibition on the 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) pursuant to the terms of the Global Offering;

(xii) any Director or member of senior management of the Company is being charged with an indictable offence or is prohibited by operation of law or otherwise disqualified from taking part in the management of a company or there is the commencement by any authority, governmental, political or regulatory body of any investigation or other action against any Director in his or her capacity as such or any member of the Group or an announcement by any authority, governmental, political or regulatory body that it intends to commence any such investigation or take any such action; or

(xiii) there is any order or petition for the winding-up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group,

Undertakings by our Company

Undertakings pursuant to the Listing Rules

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not issue any further Shares or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except:

(a) in certain circumstances prescribed by Rule 10.08 of the Listing Rules; or

(b) pursuant to the Global Offering (including the Over-allotment Option).

Undertakings pursuant to the Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except for the issue, offer or sale of the Offer Shares by the Company pursuant to the Global Offering (including pursuant to the Over-allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six-Month Period**"), we will not, and will procure that each other member of our Group will not, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules.

(i) offer, allot, issue, sell, accept subscription for, contract to allot, issue or sell, contract or agree to allot, issue or sell, assign, grant or sell any option, warrant, right or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or otherwise transfer or dispose of or create any mortgage, charge, pledge, lien or other security interest or any option, restriction, right of first refusal, right of preemption or other third party claim, right, interest or preference or any other encumbrance of any kind (the "**Encumbrance**") 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 any Shares or other securities of the Company, or any shares or other securities of such other member of the Group, as applicable, or any interest in any of the foregoing (including, but not limited to, any securities that are 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 other securities of such other member of the Group, as applicable), or deposit any Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership (legal or beneficial) of any Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, or any interest therein (including, without limitation, any securities of which are convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of the Group, as applicable); or

(iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or

(iv) offer to or contract to or agree to announce, or publicly disclose that the Company will or may enter into any transaction described in (i), (ii) or (iii) above,

in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of the Shares or such other securities of our Company or shares or other securities of such other member of the Group, as applicable in cash or otherwise (whether or not the issue of such shares or other securities will be completed within the First Six-Month Period).

In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), our Company enters into any of the transactions specified in (i), (ii) or (iii) above or offers to or agrees to or contracts to or announces, or publicly discloses, any intention to, enter into any such transactions, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Undertaking by the Controlling Shareholders

Undertakings pursuant to the Listing Rules

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to our Company and to the Stock Exchange that, save as disclosed in this prospectus and except pursuant to the Global Offering (including pursuant to the Stock Borrowing Agreement), he/she/it will not, and shall procure that any other registered holder(s) (if any) will not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with applicable requirements of the Listing Rules:

(a) in the period commencing on the date by reference to which disclosure of his/her/its shareholding in our company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Shares in respect of which he/she/it is shown in this prospectus to be the beneficial owner(s) (as defined in Rule 10.07(2) of the Listing Rules); and

(b) in the period of six months commencing from the expiry of the period referred to in paragraph (i) above, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in the preceding paragraph to that extent, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or Encumbrances, he/she/it would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company,

provided that the above shall not prevent the Controlling Shareholders from using securities of the Company beneficially owned by them as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the laws of Hong Kong)) for a bona fide commercial loan.

The Controlling Shareholders further undertake to the Company and the Stock Exchange that they will, within the period commencing from the date by reference to which disclosure for their shareholding in the Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, immediately inform the Company and the Stock Exchange in writing of:

(a) any pledge(s) or charge(s) of any Shares or securities of the Company beneficially owned by any of the Controlling Shareholders in favor of any authorized institution as permitted under the Listing Rules, and the number of such Shares or securities of the Company so pledged or charged; and

(b) any indication(s) received by any of the Controlling Shareholders, either verbal or written, from any pledgee or chargee of any Shares or other securities of the Company pledged or charged that any of such Shares or other share capital will be sold, transferred or disposed of.

Our Company will also inform the Stock Exchange as soon as it has been informed of the above matters, if any, by the Controlling Shareholders and disclose such matters in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, each of our Controlling Shareholders has undertaken to each of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Hong Kong Underwriters that, save as disclosed in this prospectus, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) he/she/it will not, and will procure each of the Controlling Shareholders will not, at any time during the First Six-Month Period:

(i) offer, pledge, charge, sell, contract or agree to sell, mortgage, charge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant, or purchase any option, warrant, contract or right to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest in any of the foregoing (including, but not limited to, any securities that are 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 other securities of the Company) beneficially owned by him/her/it as of the Listing Date (the "**Locked-up Securities**");

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any Locked-up Securities;

(iii) enter into any transaction with the same economic effect as any transaction as described (i) and (ii) above; or

(iv) offer to or contract to or agree to or publicly disclose that it will or may enter into any transaction as described in (i), (ii), and (iii) above,

in each case, whether any of the transaction as described in (i), (ii), and (iii) above is to be settled by delivery of such Shares or such other securities of our Company or in cash or otherwise (whether or not the settlement or delivery of such Shares or other securities will be completed within the First Six-Month Period);

(b) he/she/it will not, and will procure each of the Controlling Shareholders will not, during the Second Six-Month Period, enter into any transaction described in (a)(i), (a)(ii) or (a)(iii) above in respect of any Locked-up Securities or offer to or agree to or contract to or publicly announce any intention to enter into any such transaction if, immediately following such transaction or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, he/she/it would cease to be a controlling shareholder (as defined under the Listing Rules) of the Company;

(c) until the expiry of the Second Six-Month Period, in the event that the Controlling Shareholders or the relevant registered holder(s) enter into any such transactions specified in (a)(i), (a)(ii) or (a)(iii) above or offer to or agree to or contract to, or publicly announce an intention to enter into any such transactions, they will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company; and

(d) at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling 12 months after the Listing Date, he/she/it will (a) if and when he/she/it or the relevant registered holder(s) pledges or charges any Shares or other securities of the Company beneficially owned by them, immediately inform the Company in writing of such pledge or charge together with the number of Shares or other securities of the Company so pledged or charged; and (b) if and when he/she/it or the relevant registered holder(s) receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other securities of the Company will be disposed of, immediately inform the Company in writing of such indications. The Company shall, as soon as reasonably practicable upon receiving such information in writing from the Controlling Shareholders and if required pursuant to the Listing Rules, notify the Stock Exchange and make a public disclosure in relation to such information by way of an announcement.

Undertakings by Pre-IPO Investors

Each of our Pre-IPO Investors has entered into a lock-up undertaking letter (the "**Lock-up Undertakings**") in favor of the Company and the Joint Global Coordinators (acting on behalf of all the Underwriters). Pursuant to the Lock-up Undertakings, the Pre-IPO Investors are subject to lock-up arrangements for a period of 180 days after the Listing Date, subject to certain exceptions. The lock-up undertakings also include, among other things, that except with the prior written consent of the Company and the Joint Global Coordinators, the Pre-IPO Investors will not allow themselves to undergo a change of control (as defined in the Takeover Code, which shall mean a holding, or if the relevant parties are acting in concert, such parties' aggregate holdings, of 30% or more of the voting rights of a company, irrespective of whether that holding or holdings gives de facto control) at the level of its ultimate beneficial owner.

Indemnity

We have agreed to indemnify the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including, among other matters, losses incurred arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Commission and Expenses and Joint Sponsors' Fee

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) will receive an underwriting commission equal to 3% of the aggregate Offer Price in respect of all Offer Shares in the Global Offering. In addition, at the discretion of our Company, the Joint Global Coordinators and/or their respective affiliates may also receive an incentive fee of up to 1% of the aggregate Offer Price in respect of all Offer Shares (including any Shares to be issued pursuant to the exercise of the Over-allotment Option).

Assuming the Over-allotment Option is not exercised and based on an Offer Price of HK$51.9 (being the mid-point of our Offer Price range stated in this prospectus), the aggregate commissions and fees, together with the Stock Exchange listing fees, the Stock Exchange trading fee of 0.005% per Share, SFC transaction levy of 0.0027% per Share, brokerage fee, legal and other professional fees and printing and other expenses relating to the Global Offering, are estimated to be approximately HK$154.2 million, which is subject to adjustment to be agreed by the Company, the Joint Global Coordinators and other parties.

An aggregate amount of US$1,500,000 (excluding expenses) is payable by the Company as sponsor fees to the Joint Sponsors.

Hong Kong Underwriters' Interests in Our Company

Save for the obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding or beneficial interests in any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

The International Offering

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement and subject to the Over-allotment Option, it is expected that the International Underwriters would, subject to certain conditions set out therein, severally but not jointly, agree to procure purchasers for, or to purchase, the International Offering Shares being offered pursuant to the International Offering or procure purchasers for their respective applicable proportions of International Offering Shares. Please refer to the section headed "Structure of the Global Offering – The International Offering" for details.

Over-allotment Option and Stabilization

For more details of the arrangements relating to the Over-allotment Option and stabilization, please refer to the section headed "Structure of the Global Offering" in this prospectus.

Restrictions on the Offer Shares

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales 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 Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the United States.

ACTIVITIES BY SYNDICATE MEMBERS

We describe below a variety of activities that underwriters of the Hong Kong Public Offering and the International Offering, together referred to as "Syndicate Members," may each individually undertake, and which do not form part of the underwriting or the stabilizing process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

(a) under the agreement among the Syndicate Members, all of them (except for the Stabilization Manager or its designated affiliate as the Stabilization Manager) 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) all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the accounts of others. In relation to our 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, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering." Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

INDEPENDENCE OF THE JOINT SPONSORS

The Joint Sponsors satisfy the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

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

(a) the Hong Kong Public Offering of initially 5,827,000 Offer Shares (subject to reallocation) in Hong Kong as described below in the section headed "– The Hong Kong Public Offering"; and

(b) the International Offering of initially 52,437,500 Offer Shares (subject to reallocation and the Over-allotment Option) outside the United States in reliance on Regulation S and in the United States to QIBs in reliance on Rule 144A or other available exemption from the registration requirements of the U.S. Securities Act.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest in International Offer Shares under the International Offering, but may not do both.

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

We are initially offering 5,827,000 Hong Kong Offer Shares, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price for subscription by the public in Hong Kong. Subject to the reallocation of Offer Shares between (i) the International Offering, and (ii) the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 2.15% of our Company's enlarged issued share capital immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers and companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the section headed "– Conditions of the Global Offering" in this section.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of the Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of the Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of the Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) will be divided into two pools for allocation purposes, Pool A and Pool B with any odd board lots being allocated to Pool A:

Pool A: The Hong Kong Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with a total subscription price of HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less.

Poor B: The Hong Kong Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with a total subscription price of more than HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value of pool B.

For the purpose of this sub-section only, the "subscription price" for the Hong Kong Offer Shares means the price payable on application (without regard to the Offer Price as finally determined).

Applicants should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the two pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

Applicants can only receive an allocation of the Hong Kong Offer Shares from either Pool A or Pool B, but not from both pools. Multiple or suspected multiple applications and any application for more than 2,913,500 Hong Kong Offer Shares (being 50% of the 5,827,000 Offer Shares initially available under the Hong Kong Public Offering) will be rejected.

Reallocation

Paragraph 4.2 of Practice Note 18 of the Listing Rules and the Guidance Letter HKEX-GL91-18 issued by the Stock Exchange require a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to

certain percentages of the total number of Offer Shares offered in the Global Offering if the Offer Shares under the International Offering are fully subscribed or oversubscribed and certain prescribed total demand levels in the Hong Kong Public Offering are reached as further described below:

- 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, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 17,480,000 Offer Shares, representing approximately 30% of the Offer Shares initially available under the Global Offering.

- 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 number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 23,306,000 Offer Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering.

- 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 number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 29,133,000 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 (for themselves and on behalf of the Underwriters) deem appropriate.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators (for themselves and on behalf of the Underwriters). Subject to the foregoing paragraph, the Joint Global Coordinators may in their discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators deem appropriate.

In the event that (i) the International Offer Shares are undersubscribed and the Hong Kong 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 Offer Shares are fully subscribed or oversubscribed as to less than 15 times of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering provided that the Offer Price would be set at HK$50.5 (low-end of the indicative Office Price), up to 5,827,000 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 Offering will be increased to 11,654,000 Offer Shares, representing approximately 20% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, any International Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$53.3 per Offer Share in addition to the brokerage, SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the section headed "– Pricing and Allocation" below, is less than the maximum price of HK$53.3 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for the Hong Kong Offer Shares."

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

Subject to the reallocation as described above, the number of Offer Shares to be initially offered under the International Offering will be 52,437,500, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares initially offered under the International Offering will represent approximately 19.35% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

Pursuant to the International Offering, the International Offer Shares will be conditionally placed on behalf of our Company by the International Underwriters or through selling agents appointed by them. International Offer Shares will be selectively placed with certain professional and institutional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S and in the United States to QIBs as defined in Rule 144A. The International Offering is subject to the Hong Kong Public Offering being unconditional.

Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the section headed "– Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely hold or sell, Shares, after the listing of our Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our shareholders as a whole.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Global Coordinators (for themselves and on behalf of the Underwriters) so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in the section headed "– The Hong Kong Public Offering – Reallocation" above, the exercise of the Over-allotment Option in whole or in part described in the section headed "– Over-allotment Option" below, and any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering and/or any Offer Shares from the International Offering to the Hong Kong Public Offering at the discretion of the Joint Global Coordinators (for themselves and on behalf of the Underwriters).

OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that we will grant the Over-allotment Option to the International Underwriters, which will be exercisable by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) at any time from the Listing Date to the 30th day after the last day for lodging applications under the Hong Kong Public Offering, to require us to issue up to 8,739,500 additional Offer Shares, representing approximately 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering, to cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional International Offer Shares to be issued pursuant thereto will represent approximately 3.1% of our Company's enlarged issued share capital 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, a public announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to curb and, if possible, prevent any decline in the market price of the securities below the offer price. It may be effected in jurisdictions where it is permissible to do so and subject to all applicable laws and regulatory requirements. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the Offer Price.

Morgan Stanley Asia Limited has been appointed by us as the Stabilization Manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilizing) Rules made under the SFO. In connection with the Global Offering, the Stabilization Manager or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the Offer Shares at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilization Manager of a greater number of Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilization Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional Offer Shares or purchasing Shares in the open market. In determining the source of the Offer Shares to close out the covered short position, the Stabilization Manager will consider, among other things, the price of Offer Shares in the open market as compared to the price at which they may purchase additional Offer Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or curbing a decline in the market price of the Offer Shares while the Global Offering is in progress. Any market purchases of our Offer 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 Stabilization Manager or any person acting for it to conduct any such stabilizing action. Such stabilizing activity, if commenced, will be done at the absolute discretion of the Stabilization Manager and may be discontinued at any time.

Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of the Offer Shares that may be over-allocated will not exceed the number of the Shares that may be sold under the Over-allotment Option, namely, 8,739,500 Offer Shares, which is 15% of the number of Offer Shares initially available under the Global Offering, and cover such over-allocations by exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

(a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of our 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 reduction in the market price of the Shares;

(c) purchasing or subscribing for, or agreeing to purchase or subscribe for, our Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price;

(e) selling or agreeing to sell any of our Shares in order to liquidate any position established as a result of those purchases; and

(f) offering or attempting to do anything as described in (b), (c), (d) or (e) above.

Stabilizing actions by the Stabilization Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of the Shares, the Stabilization Manager, or any person acting for it, may maintain a long position in the Shares. The size of the long position, and the period for which the Stabilization Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilization Manager and is uncertain. In the event that the Stabilization Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the Shares.

Stabilizing action by the Stabilization Manager, or any person acting for it, is not permitted to support the price of the Shares for longer than the stabilizing period, which begins on the day on which trading of the Shares commences on the Stock Exchange and ends on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on Friday, July 30, 2021. As a result, demand for the Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilization Manager may stabilize, maintain or otherwise affect the market price of the Shares. As a result, the price of the Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilization Manager, or any person acting for it, may not necessarily result in the market share of the

Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the Shares by the Stabilization Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the Shares by purchasers. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, Morgan Stanley & Co. International Plc (or its affiliate(s)) may choose to borrow up to 8,739,500 Shares (being the maximum number of Shares which may be issued upon exercise of the Over-allotment Option) from Moonshot pursuant to the Stock Borrowing Agreement. The stock borrowing arrangements under the Stock Borrowing Agreement will comply with the requirements set out in Rule 10.07(3) of the Listing Rules.

PRICING AND ALLOCATION

Determining the Offer Price

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Wednesday, June 30, 2021 and in any event on or before Wednesday, July 7, 2021, by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

Offer Price Range

The Offer Price per Offer Share under the Hong Kong Public Offering will be identical to the offer price per Offer Share under the International Offering based on the Hong Kong dollar price per Offer Share under the International Offering, as determined by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company.

The Offer Price will not be more than HK$53.3 per Offer Share and is expected to be not less than HK$50.5 per Offer Share.

Price Payable on Application

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$53.3 per each Hong Kong Offer Share (plus 1% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee). If the Offer Price is less than HK$53.3, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies, without any interest) will be made to successful applications.

If, for any reason, our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before Wednesday, July 7, 2021, the Global Offering will not proceed and will lapse.

Reduction in Indicative Offer Price Range and/or Number of Offer Shares

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the 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 at **www.hkexnews.hk** and on the website of our Company at **www.keymedbio.com**, notices of the reduction. Upon issue of such a notice, the revised number of Offer Shares and/or the indicative Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators, for themselves and on behalf of the Underwriters, and our Company, will be fixed within such revised Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus and any other financial information which may change materially as a result of such reduction.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Joint Global Coordinators, for themselves and on behalf of the Underwriters, and our Company, will under no circumstances be set outside the offer price range as stated in this prospectus. 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, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The 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 (for themselves and on behalf of the Underwriters).

Announcement of Offer Price and Basis of Allocations

The final Offer Price, the level of indications of interest in the Global Offering, the results of allocations and the basis of allotment of the Hong Kong Offer Shares are expected to be announced on Wednesday, July 7, 2021 on the website of the Stock Exchange at **www.hkexnews.hk** and on the website of our Company at **www.keymedbio.com**.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to, among other things, our Company and the Joint Global Coordinators, for themselves and on behalf of the Underwriters, agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on or about the Price Determination Date.

These underwriting arrangements, and the Hong Kong Underwriting Agreement and the International Underwriting Agreement, are summarized in the section headed "Underwriting."

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option), and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(b) the Offer Price having been duly agreed between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters);

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or before Wednesday, July 7, 2021, the Global Offering will not proceed and will lapse immediately.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the websites of Stock Exchange at **www.hkexnews.hk** and our Company at **www.keymedbio.com** on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for the Hong Kong Offer Shares". In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving banks 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 will only become valid certificates of title at 8:00 a.m. on the Listing Date provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination" has not been exercised.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any Shares that may be issued under the Over-allotment Option).

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, our Shares and our Company complies with the stock admission requirements of HKSCC, our 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.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, July 7, 2021 it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, July 8, 2021. Our Shares will be traded in board lots of 500 Shares. The stock code of our Shares will be 2162.

IMPORTANT NOTICE TO INVESTORS:

FULLY ELECTRONIC APPLICATION PROCESS

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

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

The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

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

If you have any questions about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar and **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited, at +852 2862 8600 on the following dates:

Friday, June 25, 2021 – 9:00 a.m. to 9:00 p.m.
Saturday, June 26, 2021 – 9:00 a.m. to 6:00 p.m.
Sunday, June 27, 2021 – 9:00 a.m. to 6:00 p.m.
Monday, June 28, 2021 – 9:00 a.m. to 9:00 p.m.
Tuesday, June 29, 2021 – 9:00 a.m. to 9:00 p.m.
Wednesday, June 30, 2021 – 9:00 a.m. to 12:00 noon

HOW TO APPLY

We will not provide any printed application forms for use by the public.

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

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

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

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

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

If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(a) or (2)(b) above, the Hong Kong Offer Shares successfully applied for will be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

We, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application, in full or in part, for any reason at their discretion.

WHO CAN APPLY

Eligibility for the Application

You can apply for the Hong Kong Offer Shares if you or any person(s) for whose benefit you are applying:

(a) are 18 years of age or older;

(b) have a Hong Kong address;

(c) are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and

(d) are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If an application is made by a person under a power of attorney, we and the Joint Global Coordinators may accept it at their discretion, and on any conditions we think fit, including requiring evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules or any relevant waivers that have been granted by the Stock Exchange, you cannot apply for any Hong Kong Offer Shares if:

(a) you are an existing beneficial owner of Shares and/or a substantial shareholder of any of the Company's subsidiaries;

(b) you are the Company's Director or chief executive and/or a director or chief executive officer of its subsidiaries;

(c) you are a close associate of any of the above persons; or

(d) you have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

APPLYING FOR HONG KONG OFFER SHARES

Items Required for the Application

If you apply for the Hong Kong Offer Shares online through the **White Form eIPO** service, you must:

(a) have a valid Hong Kong identity card number; and

(b) provide a valid e-mail address and a contact telephone number.

If you are applying for the Hong Kong Offer Shares online by instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals, please contact them for the items required for the application.

TERMS AND CONDITIONS OF AN APPLICATION

By applying through the application channels specified in this prospectus you:

(a) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as their agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(b) agree to comply with the Company's Memorandum and Articles of Association, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Cayman Companies Law;

(c) confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

(d) confirm that you have received and read this prospectus and have relied only on the information and representations in this prospectus in making your application and will not rely on any other information or representations, except those in any supplement to this prospectus;

(e) confirm that you are aware of the restrictions on the Global Offering set out in this prospectus;

(f) agree that none of the Company, the Joint Sponsors, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering (the "**Relevant Persons**") and the **White Form eIPO** Service Provider is or will be liable for any information and representations not in this prospectus (and any supplement to this prospectus);

(g) 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;

(h) agree to disclose to the Company, the Hong Kong Share Registrar, the receiving banks and the Relevant Persons any personal data that any of them may require about you and the person(s) for whose benefit you have made the application;

(i) 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 neither the Company nor the Relevant Persons will breach any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions in this prospectus;

(j) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(k) 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;

(l) warrant that the information you have provided is true and accurate;

(m) agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(n) authorize (i) 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 Offer Shares allocated to you and such other registers as required under the Company's Memorandum and Articles of Association and (ii) the Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund check(s) to you or the first-named applicant for joint applications by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "– Personal Collection" below to collect the Share certificate(s) and/or refund check(s) in person;

(o) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(p) understand that the Company, its Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(q) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the **White Form eIPO** service or by any one as your agent or by any other person; and

(r) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant and CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

MINIMUM APPLICATION AMOUNT AND PERMITTED NUMBERS

Your application through the **White Form eIPO** service or the **CCASS EIPO** service must be for a minimum of 500 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

Keymed Biosciences Inc.

(HK$53.30 per Hong Kong Offer Share)

NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*
500	26,918.55	10,000	538,371.04	150,000	8,075,565.62	2,000,000	107,674,208.20
1,000	53,837.11	15,000	807,556.57	200,000	10,767,420.82	2,500,000	134,592,760.25
1,500	80,755.66	20,000	1,076,742.08	250,000	13,459,276.03	2,913,500[(1)]	156,854,402.80
2,000	107,674.21	25,000	1,345,927.61	300,000	16,151,131.23		
2,500	134,592.76	30,000	1,615,113.12	350,000	18,842,986.44		
3,000	161,511.32	35,000	1,884,298.65	400,000	21,534,841.64		
3,500	188,429.87	40,000	2,153,484.16	450,000	24,226,696.85		
4,000	215,348.42	45,000	2,422,669.69	500,000	26,918,552.05		
4,500	242,266.97	50,000	2,691,855.21	600,000	32,302,262.46		
5,000	269,185.53	60,000	3,230,226.25	700,000	37,685,972.87		
6,000	323,022.62	70,000	3,768,597.29	800,000	43,069,683.28		
7,000	376,859.73	80,000	4,306,968.33	900,000	48,453,393.69		
8,000	430,696.83	90,000	4,845,339.37	1,000,000	53,837,104.10		
9,000	484,533.94	100,000	5,383,710.41	1,500,000	80,755,656.15		

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

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

APPLYING THROUGH THE WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in "– Who can apply" above may apply through the **White Form eIPO** service for the Offer Shares to be allocated and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are set out on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** Service Provider.

If you have any questions on how to apply through the **White Form eIPO** service for the Hong Kong Offer Shares, please contact the telephone enquiry line of the **White Form eIPO** Service Provider at +852 2862 8600 on the following dates:

Friday, June 25, 2021 – 9:00 a.m. to 9:00 p.m.
Saturday, June 26, 2021 – 9:00 a.m. to 6:00 p.m.
Sunday, June 27, 2021 – 9:00 a.m. to 6:00 p.m.
Monday, June 28, 2021 – 9:00 a.m. to 9:00 p.m.
Tuesday, June 29, 2021 – 9:00 a.m. to 9:00 p.m.
Wednesday, June 30, 2021 – 9:00 a.m. to 12:00 noon

Time for submitting applications under the White Form eIPO service

You may submit your application through the **White Form eIPO** service through the designated website at **www.eipo.com.hk** (24 hours daily, except on the last day for applications) from 9:00 a.m. on Friday, June 25, 2021 until 11:30 a.m. on Wednesday, June 30, 2021 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, June 30, 2021, the last day for applications, or such later time as described in "– Effect of bad weather and Extreme Conditions on the opening and closing of the application lists" below.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Commitment to sustainability

The obvious advantage of **White Form eIPO** service is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "**Keymed Biosciences Inc.**" **White Form eIPO** application submitted via **www.eipo.com.hk** to support sustainability.

APPLYING THROUGH CCASS EIPO SERVICE

General

You may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf. CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

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

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Sponsors, the Joint Global Coordinators and the Hong Kong Share Registrar.

Applying through CCASS EIPO service

Where you have applied through **CCASS EIPO** service (either indirectly through a **broker** or **custodian** or directly) and an application is made by HKSCC Nominees on your behalf:

(a) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this prospectus; and

(b) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allocated shall be registered in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in the International Offering;

- *(if the electronic application instructions 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 its agent;

- confirm that you understand that the Company, its directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

- authorize the Company to place HKSCC Nominees' name on its register of members as the holder of the Hong Kong Offer Shares allocated to you, and despatch Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between the Company and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and read this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made and will not rely on any other information or representations, except those in any supplement to this prospectus;

- agree that neither the Company nor any of the Relevant Persons is or will be liable for any information and representations not in this prospectus (and any supplement to this prospectus);

- agree to disclose to the Company, the Hong Kong Share Registrar, the receiving banks 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 days 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's agreement that it will not offer any Hong Kong Offer Shares to any person on or before the fifth day after the time of the opening of the application lists (excluding any days which is a Saturday, Sunday or public holiday in Hong Kong) except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application on or before the fifth day after the time of the opening of the application lists (excluding any days which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this prospectus;

- 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 the Hong Kong 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 the Company and on behalf of each shareholder, with each CCASS Participant giving **electronic**

application instructions) to observe and comply with its Memorandum and Articles of Association, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Cayman Companies Law; 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 Applying through CCASS EIPO service

By applying through **CCASS EIPO** service, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees will be liable to the Company or any other person in respect of the things mentioned below:

(a) instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

(b) instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee) by crediting your designated bank account; and

(c) instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this prospectus.

Time for inputting electronic application instruction)[1]

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Friday, June 25, 2021 – 9:00 a.m. to 8:30 p.m.
Monday, June 28, 2021 – 8:00 a.m. to 8:30 p.m.
Tuesday, June 29, 2021 – 8:00 a.m. to 8:30 p.m.
Wednesday, June 30, 2021 – 8:00 a.m. to 12:00 noon

Note:

(1) The times in this subsection are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing Participants, CCASS Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, June 25, 2021 until 12:00 noon on Wednesday, June 30, 2021 (24 hours daily, except on Wednesday, June 30, 2021, the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Wednesday, June 30, 2021, the last day for applications, or such later time as described in "– Effect of bad weather and Extreme Conditions on the opening and closing of the application lists" below.

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

Personal data

The following Personal Information Collection Statement applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving banks and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through **CCASS EIPO** service, you agree to all of the terms of the Personal Information Collection Statement below.

Personal information collection statement

This Personal Information Collection Statement informs applicant for, and holder of, the Hong Kong Offer Shares, of the policies and practices of the Company and its Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Reasons for the collection of your personal data

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to the Company or its agents and the Hong Kong Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of the Company or its Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform 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:

(a) processing your application and refund check, where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of the Hong Kong Offer Shares;

(b) compliance with applicable laws and regulations in Hong Kong and elsewhere;

(c) registering new issues or transfers into or out of the names of the holders of the Company's Shares including, where applicable, HKSCC Nominees;

(d) maintaining or updating the Company's Register of Members;

(e) verifying identities of the holders of the Company's Shares;

(f) establishing benefit entitlements of holders of the Company's Shares, such as dividends, rights issues, bonus issues, etc.;

(g) distributing communications from the Company and its subsidiaries;

(h) compiling statistical information and profiles of the holder of the Company's Shares;

(i) disclosing relevant information to facilitate claims on entitlements; and

(j) 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 Company's Shares and/or regulators and/or any other purposes to which the securities' holders may from time to time agree.

Transfer of personal data

Personal data held by the Company and its Hong Kong Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but the Company and its 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:

(a) the Company's appointed agents such as financial advisers, receiving banks and overseas principal share registrar;

(b) where applicants for the Hong Kong Offer Shares request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;

(c) 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;

(d) the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations; and

(e) any persons or institutions with which the holders of the Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

Retention of personal data

The Company and its Hong Kong Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the *Personal Data (Privacy) Ordinance*.

Access to and correction of personal data

Holders of the Hong Kong Offer Shares have the right to ascertain whether 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, at the Company's registered address disclosed in "Corporate Information" or as notified from time to time, for the attention of the secretary, or the Company's Hong Kong Share Registrar for the attention of the privacy compliance officer.

WARNING FOR ELECTRONIC APPLICATIONS

The application for the Hong Kong Offer Shares by **CCASS EIPO** service (directly or indirectly through your **broker** or **custodian**) is only a facility provided to CCASS Participants. Similarly, the application for the Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for applications to make your electronic application. The Company, the Relevant Persons, the **White Form eIPO** Service Provider take no responsibility for such applications and provide no assurance that any CCASS Participant applying through **CCASS EIPO** service or person applying through the **White Form eIPO** service will be allocated any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS internet System for submission of **electronic application instructions**, they should go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, June 30, 2021.

HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

All of your applications will be rejected if more than one application through the **CCASS EIPO** service (directly or indirectly through your **broker** or **custodian**) or through the **White Form eIPO** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**), and the number of Hong Kong Offer Shares applied by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your behalf.

For the avoidance of doubt, giving an **electronic application instruction** under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application. However, any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your behalf to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

If an unlisted company makes an application and:

(a) the principal business of that company is dealing in securities; and

(b) you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Stock Exchange. "**Statutory control**" means you:

(a) control the composition of the board of directors of the company;

(b) control more than half of the voting power of the company; or

(c) 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).

HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK$53.3 per Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%. This means that for one board lot of 500 Hong Kong Offer Shares, you will pay HK$26,918.55.

You must pay the maximum Offer Price, together with brokerage, SFC transaction levy and Stock Exchange trading fee, in full upon application for the Hong Kong Offer Shares.

You may submit an application through the **White Form eIPO** service or the **CCASS EIPO** service in respect of a minimum of 500 Hong Kong Offer Shares. If you make an **electronic application instruction** for more than 500 Hong Kong Offer Shares, the number of Hong Kong Offer Shares you apply for must be in one of the specified numbers set out in "How to Apply for the Hong Kong Offer Shares – Minimum application amount and permitted numbers."

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee will be paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see "Structure of the Global Offering – Pricing and allocation."

EFFECT OF BAD WEATHER AND EXTREME CONDITIONS ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close if there is/are:

- a tropical cyclone warning signal number 8 or above;
- a "black" rainstorm warning; and/or
- Extreme Conditions

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, June 30, 2021. Instead, they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have any of those warnings or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Wednesday, June 30, 2021 or if there is/are a tropical cyclone warning signal number 8 or above, a "black" rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in "Expected Timetable," the Company will make an announcement on its website at **www.keymedbio.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

PUBLICATION OF RESULTS

The Company expects to announce the pricing of the Offer Shares on Wednesday, July 7, 2021 on its website at **www.keymedbio.com** and on the website of the Stock Exchange at **www.hkexnews.hk**.

The Company expects to announce the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares on Wednesday, July 7, 2021 on its website at **www.keymedbio.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and dates and in the manner set out below:

(a) in the announcement to be posted on the Company's website and the website of the Stock Exchange at **www.keymedbio.com** and **www.hkexnews.hk**, respectively, by no later than 9:00 a.m. on Wednesday, July 7, 2021;

(b) from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID function" on a 24 hour basis from 8:00 a.m. on Wednesday, July 7, 2021 to 12:00 midnight on Tuesday, July 13, 2021; and

(c) from the allocation results telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. from Wednesday, July 7, 2021 to Friday, July 9, 2021 and Monday, July 12, 2021.

If the Company accepts your offer to purchase (in whole or in part), which the Company may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are set out in "Structure of the Global Offering."

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED THE HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

If your application is revoked:

By applying through the **CCASS EIPO** service or through the **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding any days 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 the fifth day after the time of the opening of the application lists (excluding any days which is a Saturday, Sunday or public holiday in Hong Kong) in the following circumstances:

(a) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a

public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this prospectus; or

(b) if any supplement to this prospectus is issued, in which case the Company will notify applicants who have already submitted an application that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

If:

(a) you make multiple applications or are suspected of making multiple applications;

(b) you or the person for whose benefit you apply for, have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) the Hong Kong Offer Shares and the International Offer Shares;

(c) your payment is not made correctly;

(d) your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at **www.eipo.com.hk**;

(e) you apply for more than 2,913,500 Hong Kong Offer Shares, being 50% of the 5,827,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering;

(f) the Company or the Joint Global Coordinators believe that by accepting your application, a violation of applicable securities or other laws, rules or regulations would result; or

(g) the Underwriting Agreements do not become unconditional or are terminated.

REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable thereon) paid on application, or if the conditions of the Global Offering as set out in "Structure of the Global Offering – Conditions of the Global Offering" are not satisfied or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest.

Any refund of your application monies will be made on or before Wednesday, July 7, 2021.

DESPATCH/COLLECTION OF SHARE CERTIFICATES/E-REFUND PAYMENT INSTRUCTIONS/REFUND CHECKS

You will receive one Share certificate for all Hong Kong Offer Shares allocated to you under the Hong Kong Public Offering (except pursuant to applications made through the **CCASS EIPO** service where the Share certificates will be deposited into CCASS as described below).

The Company will not issue temporary document of title in respect of the Offer Shares. The Company will not issue receipt for sums paid on application.

Subject to arrangement on despatch/collection of Share certificates and refund checks as mentioned below, any refund checks and Share certificate(s) are expected to be posted on or before Wednesday, July 7, 2021. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of check(s) or banker's cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, July 8, 2021 provided that the Global Offering has become unconditional in all respects at or before that time and the right of termination described in "Underwriting" has not been exercised.

Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of the Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk.

Personal Collection

If you apply through **White Form eIPO** service:

(a) If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service and your application is wholly or partially successful, you may collect your Share certificate(s) (where applicable) in person from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, July 7, 2021, or any other place or date notified by the Company.

(b) If you do not personally collect your Share certificate(s) within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post and at your own risk.

(c) If you apply for less than 1,000,000 Hong Kong Offer Shares through the **White Form eIPO** service, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, July 7, 2021 by ordinary post and at your own risk.

(d) If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address specified in your application instructions in the form of refund check(s) by ordinary post and at your own risk.

If you apply through **CCASS EIPO** service:

Allocation of the Hong Kong Offer Shares

(a) For the purposes of allocating the Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

(a) If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, July 7, 2021 or on any other date determined by HKSCC or HKSCC Nominees.

(b) 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/passport/Hong Kong business registration number or other identification code (Hong Kong business registration number for corporations) and the basis of allocations of the Hong Kong Offer Shares in the manner as described in "– Publication of results" above on Wednesday, July 7, 2021. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, July 7, 2021 or such other date as determined by HKSCC or HKSCC Nominees.

(c) If you have instructed your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you can also check the number of the Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you with that **broker** or **custodian**.

(d) If you have applied as a CCASS Investor Participant, you can also check the number of the Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, July 7, 2021. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of the Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

(e) Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, July 7, 2021.

ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and the 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 Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests.

The Company has made all necessary arrangements to enable the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF KEYMED BIOSCIENCES INC., MORGAN STANLEY ASIA LIMITED, CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED, AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Keymed Biosciences Inc. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-51, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended December 31, 2019 and 2020 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2019 and 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-51 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated June 25, 2021 (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 December 31, 2019 and 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.

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-3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
June 25, 2021

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 HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
	Notes	**2019**	**2020**
		RMB'000	*RMB'000*
Other income and gains	*5*	15,645	41,190
Research and development expenses		(64,812)	(127,400)
Administrative expenses		(15,158)	(21,548)
Fair value losses on convertible redeemable preferred shares	*23*	(97,212)	(696,470)
Other expenses		(298)	(31)
Finance costs	*6*	(5,677)	(14,309)
Listing expense		–	(280)
LOSS BEFORE TAX	*7*	(167,512)	(818,848)
Income tax expense	*10*	–	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(167,512)	(818,848)
Attributable to:			
Owners of the parent		(167,512)	(818,583)
Non-controlling interests		–	(265)
		(167,512)	(818,848)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	*12*	N/A	N/A

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2019	2020
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	96,465	100,992
Right-of-use assets	*14*	28,902	23,823
Other intangible assets	*15*	–	109
Prepayments, other receivables and other assets	*16*	14,806	24,104
Total non-current assets		140,173	149,028
CURRENT ASSETS			
Inventories		3,306	6,846
Prepayments, other receivables and other assets	*16*	16,150	19,989
Other investments classified as financial assets at FVTPL	*17*	66,341	10,394
Time deposits	*18*	–	144,279
Cash and bank balances	*18*	432,608	199,409
Total current assets		518,405	380,917
CURRENT LIABILITIES			
Trade payables	*19*	3,478	3,418
Other payables and accruals	*20*	14,495	19,398
Amounts due to related parties	*29*	47,747	42,373
Deferred income	*21*	1,440	2,873
Contract liabilities	*22*	–	8,000
Lease liabilities	*14*	4,430	4,178
Total current liabilities		71,590	80,240
NET CURRENT ASSETS		446,815	300,677
TOTAL ASSETS LESS CURRENT LIABILITIES		586,988	449,705
NON-CURRENT LIABILITIES			
Deferred income	*21*	1,587	6,786
Lease liabilities	*14*	24,271	20,314
Convertible redeemable preferred shares	*23*	733,263	1,385,772
Other financial liabilities	*24*	103,822	131,636
Total non-current liabilities		862,943	1,544,508
NET LIABILITIES		(275,955)	(1,094,803)
EQUITY			
Equity attributable to owners of the parent			
Share capital	*25*	45	45
Deficits		(276,000)	(1,094,583)
		(275,955)	(1,094,538)
Non-controlling interests		–	(265)
Total deficit		(275,955)	(1,094,803)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2019

	Attributable to owners of the parent				
	Share capital	Accumulated losses	Subtotal	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	45	(108,488)	(108,443)	–	(108,443)
Total comprehensive loss for the year	–	(167,512)	(167,512)	–	(167,512)
At 31 December 2019	45	(276,000)	(275,955)	–	(275,955)

Year ended 31 December 2020

	Attributable to owners of the parent				
	Share capital	Accumulated losses	Subtotal	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020	45	(276,000)	(275,955)	–	(275,955)
Total comprehensive loss for the year	–	(818,583)	(818,583)	(265)	(818,848)
At 31 December 2020	45	(1,094,583)	(1,094,538)	(265)	(1,094,803)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2019	2020
		RMB'000	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(167,512)	(818,848)
Adjustments for:			
Finance costs	*6*	5,677	14,309
Interest income	*5*	(94)	(3,323)
Interest income on other investments classified as financial assets at FVTPL	*5*	(1,023)	(2,160)
Foreign exchange gains, net	*5*	(1,040)	(21,784)
Gain on fair value changes on other investments classified as financial assets at FVTPL	*5*	(363)	(162)
Depreciation of property plant and equipment	*13*	8,136	13,894
Amortisation of other intangible assets	*15*	–	19
Depreciation of right-of-use assets	*14*	4,163	5,079
Government grants income	*21*	(6,590)	(2,668)
Fair value losses on convertible redeemable preferred shares	*23*	97,212	696,470
		106,078	699,674
Increase in prepayments, other receivables and other assets		(12,929)	(15,416)
Increase in inventories		(3,235)	(3,540)
Increase in deferred income	*21*	2,300	2,300
Increase/(decrease) in trade payables		3,273	(60)
Increase in other payables and accruals		3,646	8,529
Increase in contract liabilities		–	8,000
Net cash flows used in operating activities		(68,379)	(119,361)

	Notes	Year ended 31 December 2019	2020
		RMB'000	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,117	4,711
Purchases of property, plant and equipment		(62,264)	(19,806)
Receipts of government grants for property, plant and equipment		–	7,000
Purchases of intangible assets		(38)	(90)
Purchases of wealth management products		(257,000)	(329,500)
Proceeds from disposal of wealth management products		260,165	385,600
Placement of time deposits with maturity dates over three months		–	(347,465)
Withdrawal of time deposits with maturity dates over three months		–	186,483
Net cash flows used in investing activities		(58,020)	(113,067)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease payments	*14*	(5,673)	(5,464)
Borrowings from related parties		239	–
Repayment to related parties		–	(5,614)
Proceeds from issue of preferred shares	*23*	410,500	3,475
Proceeds from disposal of a subsidiary without losing control	*24*	100,000	15,000
Net cash flows from financing activities		505,066	7,397
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		378,667	(225,031)
Cash and cash equivalents at beginning of year		48,799	432,608
Effect of foreign exchange rate changes, net		5,142	(8,168)
CASH AND CASH EQUIVALENTS AT END OF YEAR	*18*	432,608	199,409
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances as stated in the consolidated statements of financial position	*18*	432,608	199,409

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December 2019	As at 31 December 2020
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Interests in subsidiaries		200,688	200,688
Amounts due from subsidiaries	*29*	164,204	272,139
Total non-current assets		364,892	472,827
CURRENT ASSETS			
Prepayment		–	70
Time deposits	*18*	–	144,279
Cash and bank balances	*18*	289,460	136,570
Total current assets		289,460	280,919
CURRENT LIABILITIES			
Other payables		926	510
Total current liabilities		926	510
NET CURRENT ASSETS		288,534	280,409
TOTAL ASSETS LESS CURRENT LIABILITIES		653,426	753,236
NON-CURRENT LIABILITIES			
Convertible redeemable preferred shares		595,019	1,385,772
Other financial liabilities at FVTPL		3,884	–
		598,903	1,385,772
NET ASSETS/(LIABILITIES)		54,523	(632,536)
EQUITY			
Equity attributable to owners of the parent			
Share capital	*25*	45	45
Reserves/(deficits)	*26*	54,478	(632,581)
Total reserves/(deficits)		54,523	(632,536)

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Keymed Biosciences Inc. (the "Company") was incorporated in the Cayman Islands ("Cayman") on April 23, 2018 as a limited liability company. The registered office of the Company is located at the offices of Floor 4, Willow House, Cricket Square, Grand Cayman KY1-9010, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries now comprising the Group underwent the reorganisation as set out in the paragraph headed "Reorganisation" in the section headed "History, Development and Corporate Structure" in the Prospectus (the "Reorganisation").

During the Relevant Periods, the Group were involved in the research and development of pharmaceutical products.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liabilities 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 operations	Issued ordinary shares/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
iBridge Holdings Limited *(note (c))*	British Virgin Islands ("BVI") 15 April 2016	USD10,000	100%	–	Investment holding
iBridge HK Holdings Limited 一橋香港控股有限公司 *(note (d))*	Hong Kong 20 April 2016	HKD1	–	100%	Investment holding
Wealth Venture Enterprises Limited *(note (c))*	BVI 30 March 2016	USD10,000	100%	–	Investment holding
Wealth Venture Enterprises (Hong Kong) Limited *(note (d))*	Hong Kong 15 April 2016	HKD1	–	100%	Investment holding
Keymed Biosciences (Chengdu) Co., Ltd.* 康諾亞生物醫藥科技(成都)有限公司 *(note (a))*	Mainland China 1 September 2016	USD16,662,362	–	100%	Research and development
KYM Biosciences Inc. *(note (c))*	United States of America ("USA") 2 December 2019	USD0.1	–	70%	Research and development
Kangnuo Boyu Biomedical Technology (Chengdu) Co., Ltd.* 康諾博譽生物醫藥科技(成都)有限公司 *(note (d))*	Mainland China 29 December 2020	USD15,200,000	–	100%	Research and development
iBridge Australia Pty Limited *(note (c))*	Australia 31 January 2019	AUD12	–	100%	Research and development
Beijing Lingyue Biomedical Technology Co., Ltd.* 北京岑樾生物醫藥科技有限公司 *(note (d))*	Mainland China 4 December 2019	RMB10,000,000	–	100%	Research and development
Shanghai Lingyue Biomedical Technology Co., Ltd.* 上海岑樾生物醫藥科技有限公司 *(note (d))*	Mainland China 3 December 2018	RMB1,000,000	–	100%	Research and development
Chengdu Huamian Biotechnology Co., Ltd.* 成都華免生物科技有限公司 *(note (d))*	Mainland China 8 April 2016	RMB10,000,000	–	100%	Research and development
Chengdu Kangnuo Xing Biosciences Co., Ltd.* 成都康諾行生物醫藥科技有限公司 ("Chengdu Kangnuo Xing") *(note (b))*	Mainland China 9 November 2017	RMB12,300,000	–	81.30%	Development and manufacturing

Notes:

(a) The statutory financial statements of the entity for the year ended December 31, 2019 prepared in accordance with Accounting Standards for Small Enterprises were audited by Sichuan Zhongheng Anxin CPA CO., LTD. 四川中衡安信會計師事務所有限公司, certified public accountants registered in the People's Republic of China (the "PRC"). As at the date of this report, no audited financial statements for the year ended December 31, 2020 have been prepared.

(b) The statutory financial statements of the entity for the year ended December 31, 2019 prepared in accordance with the PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by RSM China CPA LLP 容誠會計師事務所(特殊普通合夥), certified public accountants registered in the PRC. As at the date of this report, no audited financial statements for the year ended December 31, 2020 have been prepared.

(c) No audited financial statements have been prepared, as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation.

(d) No audited statutory financial statements have been prepared for these entities as it had limited operating activities during the Relevant Periods.

* The English names of these Chinese companies represent the best effort made by the directors of the Company (the "Directors"), as none of them have been registered with official English names.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

Notwithstanding that the Group recorded net liabilities of RMB1,094,803,000 as at December 31, 2020 and incurred recurring losses from operations, the Historical Financial Information has been prepared on a going concern basis. The Group completed the issuance of shares pursuant to Series C financing on February 10, 2021 receiving net proceeds of approximately USD121 million to finance its research and development activities and operations. The Directors have reviewed the Group's cash flow projections, which cover a period of twelve months from December 31, 2020. The Directors 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 December 31, 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 ("IASB"). All IFRSs effective for the accounting period commencing from January 1, 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.

The Historical Financial Information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value at the end of each of the Relevant Periods.

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 IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Annual Improvements to IFRSs 2018-2020	Amendments to *IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41*[2]
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*[2]
IFRS 17	*Insurance Contracts*[3]
Amendments to IFRS 17	*Insurance Contracts*[3,5]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[3]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*[1]
Amendments to IFRS 16	*Covid-19 Related Rent Concessions beyond 30 June 2021*[6]
Amendments to IAS 1	*Disclosure of Accounting Policies*[3]
Amendments to IAS 8	*Definition of Accounting Estimates*[3]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[3]

1 Effective for annual periods beginning on or after January 1, 2021

2 Effective for annual periods beginning on or after January 1, 2022

3 Effective for annual periods beginning on or after January 1, 2023

4 No mandatory effective date yet determined but available for adoption

5 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 January 1, 2023

6 Effective for annual periods beginning on or after April 1, 2021

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.

2.3 Summary of significant accounting policies

Fair value measurement

The Group measures certain financial instruments 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 liabilities 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 liabilities takes place either in the principal market for the asset or liabilities, or in the absence of a principal market, in the most advantageous market for the asset or liabilities. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liabilities is measured using the assumptions that market participants would use when pricing the asset or liabilities, 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 of the Relevant Periods.

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 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;

(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, other than construction in progress, 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:

Machinery	10% to 20%
Office equipment and others	10% to 20%
Motor vehicles	10%
Leasehold improvements	The 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 the end of each of the Relevant Periods.

An item of property, plant and equipment including 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.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

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 the end of each of the Relevant Periods.

The estimated useful life of other intangible assets is determined by considering the period of the economic benefits to the Group or the periods of validity of intangible assets protected by the relevant laws, as well as by referring to the industry practice.

Computer software	20%

Research and development costs

All research costs are charged to 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.

The 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

Right-of-use assets are recognised 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 any 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises	2 to 9 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(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 lease. 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 and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office properties (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). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets 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, and fair value through profit or loss ("FVTPL").

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 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.

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)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

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 and other comprehensive income 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 its continuing involvement. In that case, the Group also recognises an associated liabilities. 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 from 30 to 60 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 and contract assets 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.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in case of loans, borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, financial liabilities included in other payables and accruals, amounts due to related parties, convertible redeemable preferred shares, and other financial liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, trade payables, financial liabilities included in other payables and accruals, other financial liabilities and amounts due to related parties 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 and other comprehensive income 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 and other comprehensive income.

Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL include convertible redeemable preferred shares.

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 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 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 23 to the Historical Financial Information.

Call and put options over non-controlling interests

The Group decides that IAS 32 take precedence when a non-controlling interest in any of the subsidiaries of the Group with a call or put option is granted to the non-controlling shareholders, meaning that the Company and the subsidiaries comprising the Group have the right or obligation to repurchase the equity interest held by the non-controlling shareholders. Hence, the equity interest in such circumstance is recognised as financial liabilities with no non-controlling interest being recognised. The amount of the financial liability is the present value of the exercise price to be paid to the non-controlling shareholders under the put option. Changes in the carrying amount of the financial liability are recognised in profit or loss.

If the option is exercised, the financial liability is extinguished by the payment of the exercise price.

If the option is not exercised, then the Company and the subsidiaries comprising the Group have effectively disposed of a partial interest in its subsidiary, without loss of control, in return for the amount recognised as the financial liability at the date of expiry. The consideration received is the amount of the financial liability extinguished and any difference between this and the carrying amount of the non-controlling interest is recognised within equity.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liabilities is discharged or cancelled, or expires.

When an existing financial liabilities is replaced by another from the same lender on substantially different terms, or the terms of an existing liabilities are substantially modified, such an exchange or modification is treated as a derecognition of the original liabilities and a recognition of a new liabilities, and the difference between the respective carrying amounts is recognised in 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.

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing raw materials to its present location and condition are accounted for as purchase cost on a first-in/first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash and bank balances, which are subject to an insignificant risk of changes in value, 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 only comprise cash and bank balances.

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 each of the Relevant Periods 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 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 Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liabilities method, on all temporary differences at the end of the Relevant Periods 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 liabilities arises from the initial recognition of goodwill or an asset or liabilities 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, associates and joint ventures, 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, and 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 liabilities 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, associates and joint ventures, 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 of the Relevant Periods 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 of the Relevant Periods 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 liabilities is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

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, for which it is intended to compensate, are expensed. When the grant relates to expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future costs and obligations, it is recognised in profit or loss in the period in which it becomes receivable.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to 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 profit or loss by way of a reduced depreciation charge.

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 liabilities

Contract liabilities are recognised when a payment is received from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group completes its performance obligations under the contract (i.e., transfers control of the related goods or services to the customer).

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 a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Foreign currencies

The Historical Financial Information is presented in RMB, 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 liabilities 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 liabilities 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 overseas subsidiaries, and joint ventures are RMB. As at the end of the reporting period, the assets and liabilities of these entities recorded in currencies other than RMB are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

3. 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.

Judgements

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:

Research and development expenses

All research expenses are charged to the statement of profit or loss and other comprehensive income as incurred. Expenses incurred on each pipeline to develop new products are capitalised and deferred in accordance with the accounting policy for research and development expenses in note 2.3 to the Historical Financial Information. Determining the amounts to be capitalised requires management to make judgements on the technical feasibility of existing pipelines to be successfully commercialised and bring economic benefits to the Company.

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.

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Fair value of convertible redeemable preferred shares

The fair value of the convertible redeemable preferred shares measured at FVTPL is determined using valuation techniques, including the discounted cash flow method, the Backsolve Method and the equity allocation model. Such valuation requires the Group to make estimates of the key assumptions include the risk-free interest rate, discounts for lack of marketability ("DLOM") and volatility, which are subject to uncertainty.

The fair value of convertible redeemable preferred shares at December 31, 2019 and 2020 were RMB733,263,000 and RMB1,385,772,000 respectively. Further details of are included in note 23 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

Operating segment information

The Group is engaged in biopharmaceutical research and development, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. Therefore, no further operating segment analysis thereof is presented.

Geographical information

During the Relevant Periods, all of the Group's non-current assets were located in Mainland China, no geographical segment information in accordance with IFRS 8 *Operation Segments* is presented.

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	Year ended 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Other income		
Government grants income *(note)*	12,764	13,761
Interest income on other investments classified as financial assets at FVTPL	1,023	2,160
Interest income	94	3,323
Research service income	361	–
Gains		
Fair value gains on other investments classified as financial assets at FVTPL	363	162
Gain on exchange differences, net	1,040	21,784
	15,645	41,190

Note: The government grants mainly represent subsidies received from the local governments for the purposes of reimbursing the Group's expenses on research and clinical trial activities, developing new drugs and providing financial support for recruitments.

6. FINANCE COSTS

	Year ended 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Implicit interest on other financial liabilities	3,822	12,814
Interest on lease liabilities	1,375	1,255
Interest on amounts due to related parties	480	240
	5,677	14,309

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December 2019	2020
		RMB'000	*RMB'000*
Depreciation of property, plant and equipment	*13*	8,136	13,894
Depreciation of right-of-use assets	*14*	4,163	5,079
Amortisation of other intangible assets	*15*	–	19
Listing expenses		–	280
Lease payments not included in the measurement of lease liabilities	*14*	989	1,808
Government grants income	*5*	(12,764)	(13,761)
Reporting accountants' remuneration		–	350
Interest income from other investments classified as financial assets at FVTPL	*5*	(1,023)	(2,160)
Interest income	*5*	(94)	(3,323)
Finance costs	*6*	5,677	14,309
Foreign exchange gains, net	*5*	(1,040)	(21,784)
Fair value losses on convertible redeemable preferred shares	*23*	97,212	696,470
Fair value gains on other investments classified as financial assets at FVTPL	*5*	(363)	(162)
Employee benefit expenses (excluding directors' and chief executive's remuneration)			
– Wages and salaries		14,880	25,571
– Pension scheme contributions		1,685	2,181
– Staff welfare expenses		31	–
		16,596	27,752

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration as recorded for each of the Relevant Periods, disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is set out below:

	Year ended 31 December 2019	2020
	RMB'000	*RMB'000*
Fees	–	–
Other emoluments:		
Salaries, bonuses, allowances and benefits in kind	903	1,157
Pension scheme contributions	15	14
	918	1,171

Directors and the chief executive

Year ended 31 December 2019

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Director and chief executive:				
Dr. Bo Chen *(note (i))*	–	183	5	188
Directors:				
Dr. Gang Xu *(note (ii))*	–	720	10	730
Cristela Toscano *(note (ii))*	–	–	–	–
Qi Chen *(note (ii))*	–	–	–	–
Yan Leng *(note (ii))*	–	–	–	–
Qingqing Yi *(note (ii))*	–	–	–	–
Quanhong Yuan *(note (ii))*	–	–	–	–
Liang Lin *(note (iii))*	–	–	–	–
	–	903	15	918

Year ended 31 December 2020

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Director and chief executive:				
Dr. Bo Chen *(note(i))*	–	227	4	231
Directors:				
Dr. Gang Xu *(note (ii))*	–	930	10	940
Cristela Toscano *(note (ii))*	–	–	–	–
Qi Chen *(note (ii))*	–	–	–	–
Yan Leng *(note (ii))*	–	–	–	–
Qingqing Yi *(note (ii))*	–	–	–	–
Quanhong Yuan *(note (ii))*	–	–	–	–
Liang Lin *(note (iii))*	–	–	–	–
	–	1,157	14	1,171

Notes:

(i) Dr. Bo Chen was appointed as a director of the Company and the chairman of the Board of Directors ("the Board") with effect from April 2018.

(ii) Dr. Gang Xu, Cristela Toscano, Qi Chen, Yan Leng, Qingqing Yi and Quanhong Yuan were appointed as directors of the Company with effect from June 2018.

(iii) Liang Lin was appointed as a director of the Company with effect from December 2019.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included 1 director, whose details of remuneration are set out in note 8 above. Details of the remuneration for the remaining 4 highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods are as follows:

	Year ended 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	4,597	4,950
Pension scheme contributions	221	199
	4,818	5,149

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December	
	2019	**2020**
Nil to HK$1,000,000	2	2
HK$1,000,001 to HK$2,000,000	1	1
HK$2,000,001 to HK$3,000,000	1	1
	4	4

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the 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.

British Virgin Islands

Pursuant to the rules and regulations of the British Virgin Islands ("BVI"), the subsidiaries incorporated in the BVI are not subject to any income tax.

United States of America

The subsidiary incorporated in Delaware, the USA, is subject to the statutory federal corporate income tax at a of rate 21%, as well as a state income tax rate of 6.6% during the Relevant Periods.

Mainland China

The subsidiaries incorporated in Mainland China are subject to the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law which became effective on January 1, 2008.

Hong Kong

The subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at the statutory rate of 16.5% on any estimated assessable profits arising in Hong Kong during the Relevant Periods. 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.

The Group had no taxable income during the Relevant Periods.

A reconciliation of the tax expense applicable to loss before tax using the statutory rate of the jurisdictions in which the majority of the Group's subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Loss before tax	(167,512)	(818,848)
Tax charged at the statutory tax rate of 25%	(41,878)	(204,712)
Effect of different tax rates enacted by local authorities	24,835	170,991
Additional deductible allowance for qualified research and development costs	(4,167)	(24,388)
Deductible temporary difference and tax losses not recognised	21,104	57,998
Expenses not deductible for tax	106	111
Tax charge at the Group's effective rate	–	–

The Group has accumulated tax losses in Mainland China of RMB134,583,000 and RMB371,812,000 in aggregate as at the end of 2019 and 2020, respectively, which can be carried forward for five to ten years to offset against future taxable profits of the companies in which losses were incurred.

The Group also has accumulated tax losses in the USA of RMB884,000 in aggregate as at the end of 2020 that can be carried forward indefinitely to offset against future taxable profits of the companies in which the losses incurred.

Deferred tax assets have not been recognised in respect of these tax losses as they have been incurred in subsidiaries that were loss-making in the past and it is not probable that they will generate sufficient taxable income in the forthcoming five years to utilise such tax losses.

11. DIVIDENDS

No dividends have been declared and paid by the Company during the Relevant Periods.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Loss per share information is not presented as its inclusion, for the purposes of this report, is not considered meaningful because the number of ordinary shares as at each reporting date during the Relevant Periods will be different from the number of ordinary shares immediately after the completion of the public listing of the Group.

13. PROPERTY, PLANT AND EQUIPMENT

	Machinery	Office equipment and others	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2019						
At 1 January 2019:						
Cost	13,443	616	882	1,164	2,270	18,375
Accumulated depreciation	(869)	(246)	(107)	(764)	–	(1,986)
Net carrying amount	12,574	370	775	400	2,270	16,389
At 1 January 2019, net of accumulated depreciation	12,574	370	775	400	2,270	16,389
Transferred in from construction in progress	–	–	–	36,909	(36,909)	–
Additions	50,385	2,159	490	–	35,178	88,212
Depreciation provided during the year	(4,768)	(242)	(96)	(3,030)	–	(8,136)
At 31 December 2019, net of accumulated depreciation	58,191	2,287	1,169	34,279	539	96,465
At 31 December 2019:						
Cost	63,828	2,775	1,372	38,073	539	106,587
Accumulated depreciation	(5,637)	(488)	(203)	(3,794)	–	(10,122)
Net carrying amount	58,191	2,287	1,169	34,279	539	96,465

	Machinery	Office equipment and others	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2020						
At 1 January 2020:						
Cost	63,828	2,775	1,372	38,073	539	106,587
Accumulated depreciation	(5,637)	(488)	(203)	(3,794)	–	(10,122)
Net carrying amount	58,191	2,287	1,169	34,279	539	96,465
At 1 January 2020, net of accumulated depreciation	58,191	2,287	1,169	34,279	539	96,465
Transferred in from construction in progress	–	–	–	4,611	(4,611)	–
Additions	13,020	532	616	–	4,253	18,421
Depreciation provided during the year	(6,922)	(429)	(162)	(6,381)	–	(13,894)
At 31 December 2020, net of accumulated depreciation	64,289	2,390	1,623	32,509	181	100,992
At 31 December 2020:						
Cost	76,848	3,307	1,988	42,684	181	125,008
Accumulated depreciation	(12,559)	(917)	(365)	(10,175)	–	(24,016)
Net carrying amount	64,289	2,390	1,623	32,509	181	100,992

14. LEASES

The Group as a lessee

The Group has lease contracts for several buildings used as its office and laboratory. The movements in the carrying amount of right-of-use assets and lease liabilities during each of the Relevant Periods are as follows:

(a) Right-of-use assets

	Office and laboratory	
	2019	**2020**
	RMB'000	*RMB'000*
As at 1 January	30,214	28,902
Additions	2,851	–
Depreciation charge	(4,163)	(5,079)
As at 31 December	28,902	23,823

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

	Office and laboratory	
	2019	**2020**
	RMB'000	*RMB'000*
Carrying amount at 1 January	30,148	28,701
New leases arrangements	2,851	–
Accretion of interest recognised during the year	1,375	1,255
Lease payments	(5,673)	(5,464)
Carrying amount at 31 December	28,701	24,492
Analysed into:		
Current portion	4,430	4,178
Non-current portion	24,271	20,314
	28,701	24,492

(c) The amounts recognised in profit or loss in relation to leases are follows:

	Year ended 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Interest on lease liabilities	1,375	1,255
Depreciation charge on right-of-use assets	4,163	5,079
Expense relating to short-term and low-value leases	989	1,808
Total amount recognised in profit or loss	6,527	8,142

The total cash out-flow for leases included in the consolidated statement of cash flows is disclosed in note 27(b) to the Historical Financial Information.

15. OTHER INTANGIBLE ASSETS

	Computer software
	RMB'000
31 December 2020	
Cost at 1 January 2019 and 2020:	
Net of accumulated amortisation	–
Additions	128
Amortisation provided during the year	(19)
At 31 December 2020	109
At 31 December 2020:	
Cost	128
Accumulated amortisation	(19)
Net carrying amount	109

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Non-current:		
Value-added tax recoverable *(note (i))*	9,230	20,378
Prepayments for property, plant and equipment	3,573	1,332
Prepayments for intangible assets	38	–
Rental deposits *(note (iii))*	1,662	1,451
Employee petty cash *(note (iii))*	303	943
	14,806	24,104
Current:		
Prepayments *(note (ii))*		
– Prepaid research and development expenses	13,276	16,879
– Others	1,403	1,422
Other receivables *(note (iii))*		
– Employee petty cash	61	387
– Rental deposits	245	459
– Other receivables	1,165	842
	16,150	19,989

Note (i): Value-added tax recoverable is non-current in nature since the Group believes that no revenue will be generated within the next 12 months and the balance is not refundable from the local tax authority.

Note (ii): Prepayments primarily consist of prepaid research and development expenses, prepaid raw material expense and prepaid expense relating to short-term and low-value leases.

Note (iii): The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Long ageing balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its prepayments and other receivable balances.

The balances are interest-free, unsecured and repayable on demand.

Other receivables had no historical default. The financial assets included in the above balances relate to receivables which were categorised in Stage 1 at the end of each of the Relevant Periods. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the Relevant Periods, the Group estimated that the expected credit loss rate for other receivables was minimal.

17. OTHER INVESTMENTS CLASSIFIED AS FINANCIAL ASSETS AT FVTPL

	As at 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Wealth management products	66,341	10,394

The investments measured at FVTPL are wealth management products, denominated in RMB, with expected yield rates ranging from 1.00% to 3.78% per annum. The principals and yields on all of these wealth management products are not guaranteed, and hence their contractual cash flows do not qualify for solely payments of principal and interest.

The fair values are based on cash flows discounted using the expected yield rate and are within Level 2 of the fair value hierarchy.

18. CASH AND BANK BALANCES AND TIME DEPOSITS

The Group

	As at 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Cash and bank balances	432,608	199,409
Time deposits	–	144,279
Denominated in		
RMB	131,199	25,582
USD	301,409	318,106
	432,608	343,688

The Company

	As at 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Cash and bank balances	289,460	136,570
Time deposits	–	144,279
Denominated in		
USD	289,460	280,849

Cash and bank balances earn interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The time deposits presented above are placed with a bank in the PRC with interest rates ranging from 1.00% to 1.30% and have maturity dates within one year.

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.

19. 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	
	2019	**2020**
	RMB'000	*RMB'000*
Within 3 months	3,478	2,716
3 to 6 months	–	173
6 months to 1 year	–	209
Over 1 year	–	320
	3,478	3,418

Trade payables are not interest-bearing.

20. OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Payroll payable	5,837	11,088
Accrued research and development expenses	631	4,222
Accrued professional fee	129	–
Other tax payables	107	161
Other payables:		
– Accrued listing expense *(note 27(b))*	–	350
– Payables for property, plant and equipment	6,828	3,202
– Others	963	375
	14,495	19,398

Other payables and accruals are not interest-bearing and repayable on demand. The carrying amounts of financial liabilities included in other payables as at the end of each of the Relevant Periods approximated to their fair values due to their short-term maturities.

21. DEFERRED INCOME

	As at 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Government grants:		
Non-current	1,587	6,786
Current	1,440	2,873
	3,027	9,659

The movements in deferred income during the Relevant Periods are as follows:

	2019	**2020**
	RMB'000	*RMB'000*
At beginning of the year	7,317	3,027
Grants received during the year	2,300	9,300
Amounts released to profit or loss during the year	(6,590)	(2,668)
At end of the year	3,027	9,659

The grants were related to the subsidies received from local government authorities to support the Group's research and development activities with conditions to fulfil. The grants were recognised in profit or loss when the conditions are met.

22. CONTRACT LIABILITIES

	As at 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Contract liabilities	–	8,000

In April 2020, Keymed Biosciences (Chengdu) Co., Ltd. ("Chengdu Keymed") entered into a license and collaboration agreement (the "Collaboration Agreement") with Beijing InnoCare Pharma Tech Co., Ltd ("InnoCare"). Pursuant to the Collaboration Agreement, Chengdu Keymed granted InnoCare an exclusive, sublicensable, royalty-free license to co-develop at the clinical stage study, manufacture and commercialise CM355, an antibody therapy that Chengdu Keymed owns and controls the global exclusive rights. As at December 31, 2020, a prepayment of RMB8,000,000 was received by Chengdu Keymed to complete the IND-enabling study of CM355, while a future milestone payment will be received upon obtaining IND approval from the National Medical Products Administration of China.

23. CONVERTIBLE REDEEMABLE PREFERRED SHARES

In May 2018, the Company issued 10,714,273 and 7,455,356 series Pre-A convertible preferred shares to Moonshot Holding Limited ("Moonshot") and Vast Equity Holding Limited ("Vast Equity") (collectively the "Series A Investors") with par value of USD0.0001 per share, respectively to obtain 100% interest in iBridge Holdings Limited and Wealth Venture Enterprises Limited. In June 2018, the Company further issued 7,589,262 Series Pre-A convertible preferred shares to Legendstar Fund I, L.P. with par value of USD0.0001 per share for an aggregate cash consideration of USD1,339,000 or USD0.1764 per share (the "Series Pre-A Preferred Share Purchase Price") (collectively the "Series Pre-A Preferred Shares").

In May 2018, the Company issued 32,000,000 series A convertible redeemable preferred shares with par value of USD0.0001 per share (the "Series A Preferred Shares") to a group of investors (the "Series A Investors"), for an aggregate cash consideration of USD25,202,000 or USD0.7876 per share (the "Series A Preferred Share Purchase Price").

In December 2019, the Company issued 36,928,277 series B convertible redeemable preferred shares with par value of USD0.0001 per share (the "Series B Preferred Shares") to a group of investors (the "Series B Investors"), respectively, for an aggregate cash consideration of USD59,100,000 or USD1.6004 per share (the "Series B Preferred Share Purchase Price").

According to the amended and restated Memorandum and Articles of Association ("MOA") of the Company in December 2019, the key terms of the Series Pre-A Preferred Shares, Series A Preferred Shares, and Series B Preferred Shares, (collectively, the "Preferred Shares") are as follows:

Conversion rights (applicable for Preferred Shares)

Each Preferred Share may, at the option of the holder thereof, be converted at any time after the date of issuance of such Preferred Shares, or will be converted automatically upon the closing of a qualified IPO into Ordinary Shares as determined by dividing the relevant issue price by the then-effective conversion price ("Conversion Price").

Each Preferred Share shall be convertible into such number of fully paid and non-assessable ordinary shares at the Preferred Share-to-Ordinary Share conversion ratio equal to:

(i) For Series B Preferred Shares: Applicable Series B Preferred Share Purchase Price/then-effective Conversion Price (as defined below);

(ii) For Series A Preferred Shares: Applicable Series A Preferred Share Purchase Price/then-effective Conversion Price (as defined below);

(iii) For Series Pre-A Preferred Shares: Applicable Series Pre-A Preferred Share Purchase Price/then-effective Conversion Price (as defined below).

The "Conversion Price" shall initially be the Applicable Series B Preferred Share purchase price, Applicable Series A Preferred Share purchase price and Applicable Series Pre-A Preferred Share purchase price, as applicable, resulting in an initial conversion ratio for the Preferred Shares of 1:1, and shall be subject to adjustment and readjustment from time to time.

Redemption feature (applicable for convertible redeemable preferred shares)

At the request of any Series B Preferred shareholders and Series A Preferred shareholders, the Company shall redeem all or portion of the outstanding Series B and Series A Preferred Shares as elected by such Series B Preferred shareholders and Series A Preferred shareholders at any time and from time to time on or after the date of the earliest to occur of any Trigger Event.

Trigger Event means any of the following:

(1) on the sixth (6th) anniversary of the issuance, the Company's failure to complete its IPO;

(2) the occurrence of material adverse effect to PRC laws which leads to the invalidity of the organisational structure of the Group, including any of the transaction documents being determined to be non-enforceable, or any change, reinterpretation, or abolition of any law or regulation that materially or adversely affects the Company's or any of its subsidiaries' business operation; or

(3) the Company and the Group or any key employees has engaged a job or conducted any business or operation competitive with the Group, or committed a violation of the guaranteed employment term, non-competition obligations; or

(4) the Company and the Group or any key employees or any senior management has committed an embezzlement or misappropriation of assets of the Group as a result of which the Company has suffered from material loss; or

(5) any deadlock or any other event that materially or adversely affects the Company's or any of its subsidiaries' business operation occurs due to the reasons attributed to the Company; or

(6) the Company and the Group has committed a material violation of applicable law which has a material adverse effect on the business or assets of the Group or a material breach of the transaction documents.

The Series B redemption price for each Series B Preferred Share shall be an amount equal to 100% of the Applicable Series B Preferred Share Purchase Price, plus (i) all declared but unpaid dividends thereon, and (ii) interest accrued at the rate of eight percentage (8%) of the Series B Preferred Shares Purchase Price per annum starting from the applicable Preferred Share issue date Series (the "Series B Preference Amount").

The Series A redemption price for each Series A Preferred Share shall be an amount equal to 100% of the Applicable Series A Preferred Share Purchase Price, plus (i) all declared but unpaid dividends thereon, and (ii) interest accrued at the rate of eight percentage (8%) of the Series A Preferred Shares Purchase Price per annum starting from the applicable Preferred Share issue date (the "Series A Preference Amount").

If the Company's assets or funds which are legally available (the "Available Fund") on the date that any redemption payment is due are insufficient to pay in full all Series A and Series B redemption price:

(A) the Available Fund shall first be used to the extent permitted by applicable law to pay all Series B redemption price due on such date on the Series B Preferred Shares in proportion to the full amounts to which the holders to which such redemption payments are due would otherwise be respectively entitled thereon. If the Available Fund is insufficient to pay in full all Series B redemption price, at the sole discretion of any Series B Preferred shareholder, such Series B Preferred shareholder may choose, either (A) (i) the Available Fund to pay all redemption payments due on such date ratably and on a pari passu basis as between each Series B Preferred Share in proportion to the full amounts to which the holders to which such redemption payments are due would otherwise be respectively entitled thereon; and (ii) the Company shall execute and deliver to each holder a promissory note for the full amount of the redemption payment due but not paid to such holder pursuant to sub-paragraph (A) above; provided that such promissory note shall be due and payable within twelve (12) months, and the full amount due under such promissory note shall accrue interest daily (on the basis of a 365-day year) at a rate of fifteen percent (15%) per annum; or (B) with the prior written consent of the Series B Preferred majority and the Series A Preferred majority, the Company and the Shareholders of the Company shall take all necessary actions to cause the Company to be liquidated immediately and the Series B Preferred shareholders shall be entitled to be paid, with respect to each Series B Preferred Share then outstanding and held by them, the higher of (i) the Series B Preference Amount and (ii) the Series B redemption Price outstanding; and

(B) after the full payment of the Series B redemption price, the Available Fund shall be used to the extent permitted by applicable law to pay all Series A redemption price due on such date on the Series A Preferred Shares in proportion to the full amounts to which the holders to which such redemption payments are due would otherwise be respectively entitled thereon. If the Available Fund is insufficient to pay in full all Series A redemption price to be paid, at the sole discretion of any Series A Preferred shareholder, such Series A Preferred shareholder may choose either (A) (i) the Available Fund to pay all redemption payments due on such date ratably and on a pari passu basis as between each Series A Preferred Share in proportion to the full amounts to which the holders to which such redemption payments are due would otherwise be respectively entitled thereon, and (ii) the Company shall execute and deliver to each holder a promissory note for the full amount of the redemption payment due but not paid to such holder pursuant to sub-paragraph (B) above; provided, that such promissory note shall be due and payable within twelve (12) months, and the full amount due under such promissory note shall accrue interest daily (on the basis of a 365-day year) at a rate of fifteen percent (15%) per annum;

or (B) with the prior written consent of the Series B Preferred majority and the Series A Preferred majority, the Company and the Shareholders of the Company shall take all necessary actions to cause the Company to be liquidated immediately and the Series A Preferred Shareholders shall be entitled to be paid, with respect to each Series A Preferred Shares then outstanding and held by them, the higher of (i) the Series A Preference Amount and (ii) the Series A redemption price outstanding.

Liquidation Event

Liquidation Event means any of the following:

(i) the liquidation, dissolution or winding-up of any company of the Group (the "Group Company"), except otherwise waived by the Series A Preferred majority and the Series B Preferred majority;

(ii) any consolidation, amalgamation or merger of the Company and/or any Group Company with or into any other Person or other corporate reorganization, in which the shareholders of the Company or shareholders of such any Group Company immediately prior to such consolidation, amalgamation, merger or reorganisation, own less than fifty percent (50%) of the voting power of Company or any other Group Company immediately after such consolidation, merger, amalgamation or reorganization, or any transaction or series of related transactions to which the Company is a party in which in excess of fifty percent (50%) of the Company's or any other Group Company's voting power is transferred, but excluding any transaction effected solely for tax purposes or to change the Company's domicile or any other Group Company's domicile;

(iii) the sale, exchange, transfer or other disposition, in one or a series of related transactions, of a majority of the outstanding share capital of any Group Company to one Person or a group of Persons acting in concert, under circumstances in which the holders of a majority in voting power of the outstanding share capital of any Group Company immediately prior to such transaction beneficially own less than a majority in voting power of the outstanding share capital of the surviving entity or the acquiring Person immediately following such transaction;

(iv) a sale, lease, transfer or other disposition, in a single transaction or series of related transactions, by any Group Company of all or substantially all of the assets of any Group Company; and

(v) the exclusive licensing of all or substantially all of the Group Companies' proprietary rights to a third party.

Liquidation preferences

In any liquidation event of any company within the Group, all assets and funds of the Company legally available for distribution to the shareholders shall, by reason of the shareholders' ownership of the shares, be distributed as follows:

(a) Firsts, prior to and in preference to any distribution of any of the assets of the Company to the ordinary shareholders, the Series Pre-A preferred shareholders and the Series A Preferred shareholders, the Series B Preferred shareholders shall be entitled to receive for each outstanding Series B Preferred Share held, an amount equal to the Applicable Series B Preferred Share Purchase Price plus a compound annual interest of 10%, plus all declared but unpaid dividends; provided that, if the Company's assets and funds are insufficient for the full payment of the Series B Preference Amount to all the Series B Preferred shareholders, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the Series B Preferred shareholders in proportion to the aggregate Series B Preference Amount each such Series B Preferred shareholder is otherwise entitled to receive;

(b) Second, after the full Series B Preference Amount on all Series B Preferred Shares then outstanding has been paid, prior to and in preference to any distribution of any of the assets of the Company to the ordinary shareholders and Series Pre-A preferred shareholders, the Series A Preferred shareholders shall be entitled to receive for each outstanding Series A Preferred Share held, an amount equal to the Applicable Series A Preferred Share Purchase Price plus a compound annual interest of 10%, plus all declared but unpaid dividends; provided that, if the Company's assets and funds are insufficient for the full payment of the Series A Preference Amount to all the Series A Preferred shareholders, then the entire

assets and funds of the Company legally available for distribution shall be distributed ratably among the Series A Preferred shareholders in proportion to the aggregate Series A Preference Amount each such Series A Preferred shareholder is otherwise entitled to receive;

(c) Third, after the full Series B Preference Amount on all Series B Preferred Shares then outstanding and the full Series A Preference Amount on all Series A Preferred Shares then outstanding has been paid, prior to and in preference to any distribution of any of the assets of the Company to the ordinary Shareholders, the Series Pre-A preferred shareholders shall be entitled to receive for each outstanding Series Pre-A Preferred Share held, an amount equal to the Applicable Series Pre-A Preferred Share Purchase Price plus a compound annual interest of 10%, plus all declared but unpaid dividends ("Series Pre-A Preference Amount"); provided that, if the Company's assets and funds are insufficient for the full payment of the Series Pre-A Preference Amount to all the Series Pre-A preferred shareholders, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the Series Pre-A Preferred shareholders in proportion to the aggregate Series Pre-A Preference Amount each such Series Pre-A Preferred shareholder is otherwise entitled to receive.

(d) Fourth, after the full Series B Preference Amount on all Series B Preferred Shares then outstanding, the full Series A Preference Amount on all Series A Preferred Shares then outstanding and Series Pre-A Preference Amount on all Series Pre-A Preferred Shares then outstanding have been paid, the remaining assets and funds of the Company legally available for distribution to the Shareholders shall be distributed ratably among the ordinary shareholders and the Preferred shareholders in proportion to the number of Shares held by them (calculated on an as converted to Ordinary Shares basis).

Voting rights

The Ordinary shareholders shall have the right to one (1) vote for each outstanding Ordinary Share held. The Preferred shareholders shall have the right to one (1) vote for each Ordinary Share into which each outstanding Preferred Share held could then be converted. The preferred shareholders shall have vote together with the Ordinary shareholders, and not as a separate class or series, on all matters put before the Shareholders, unless otherwise required by the MOA.

A quorum for a Shareholders' meeting shall consist of at least (i) the Ordinary majority, (ii) the holders holding at least 50% of the outstanding Series A Preferred Shares and Series B Preferred Shares on an as-converted basis, and (iii) the Series B Preferred majority, present in person or represented by proxy.

The Board shall meet at least once every half a year. A quorum for a Board meeting shall consist of at least two-thirds of the investor directors. The same Shareholder or Shareholders who have nominated and elected a director shall be entitled to appoint alternates to serve at any Board meeting (or the meeting of a committee formed by the Board), and such alternates shall be permitted to attend all Board meetings and vote on such directors' behalf.

Dividend rights

No dividend or distribution, whether in cash, in property, or in any other shares of the Company, shall be declared, paid, set aside or made with respect to any class of shares, unless the approval of the majority of the directors of the Company (including the approvals of each Series A director and the Series B director) has been obtained.

The Group designated the Series Pre-A, Series A and Series B Preferred Shares 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. The Directors considered that fair value change in the convertible redeemable preferred shares attributable to changes of credit risk was not significant.

The movements of convertible redeemable preferred shares are set out below:

	Series Pre-A Preferred Shares		Series A Preferred Shares		Series B Preferred Shares		Total
	Number of shares	*RMB'000*	*Number of shares*	*RMB'000*	*Number of shares*	*RMB'000*	*RMB'000*
As at 1 January 2019	15,044,618	43,642	32,000,000	179,923	–	–	223,565
Issue	–	–	–	–	36,615,855	410,500	410,500
Foreign exchange losses/(gains) *(note)*	–	719	–	2,962	–	(1,695)	1,986
Changes in fair value	–	49,436	–	47,776	–	–	97,212
As at 31 December 2019 and 1 January 2020	15,044,618	93,797	32,000,000	230,661	36,615,855	408,805	733,263
Issue	–	–	–	–	312,422	3,475	3,475
Foreign exchange gains *(note)*	–	(6,068)	–	(14,922)	–	(26,446)	(47,436)
Changes in fair value	–	121,668	–	266,837	–	307,965	696,470
As at 31 December 2020	15,044,618	209,397	32,000,000	482,576	36,928,277	693,799	1,385,772

Note: the foreign exchange losses/(gains) on fair value changes convertible redeemable preferred shares were charged in foreign exchange losses/(gains) for the Relevant Periods.

The Group has used the Backsolve 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	
	2019	**2020**
Risk-free interest rate	1.76%	0.36%
Discount for lack of marketability ("DLOM")	30.00%	22.50%
Volatility	73.93%	78.23%

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	(Decrease)/increase in the fair value As at December	
		2019	2020
		RMB'000	*RMB'000*
DLOM	1%/(1%)	(8,197)/8,192	(16,957)/16,949
Volatility	1%/(1%)	(1,202)/1,216	(1,491)/1,498

24. OTHER FINANCIAL LIABILITIES

In July 2019, Chengdu Kangnuo Xing (the "Domestic Subsidiary"), a subsidiary of the Group, entered into an investment agreement (the "Hi-tech Investment Agreement"), with Chengdu Hi-tech New Economy Venture Capital Co., Ltd. 成都高新新經濟創業投資有限公司 ("Hi-tech"). Pursuant to the Hi-tech Investment Agreement, Hi-tech subscribed 16.6667% interests of the Domestic Subsidiary for a cash consideration of RMB 100,000,000 (the "Hi-tech Investment Principal").

In March 2020, the Domestic Subsidiary entered into an investment agreement (the "Bio-town Investment Agreement") with Chengdu Bio-town Equity Investment Co., Ltd. 成都生物城股權投資有限公司 ("Bio-town"). Pursuant to the Bio-town Investment Agreement, Bio-town subscribed 2.4390% interests of the Domestic Subsidiary for a cash consideration of RMB15,000,000 (the "Hi-tech Investment Principal").

The key terms of the Hi-tech Investment Agreement and Bio-town Investment Agreement are as follows:

At the request of Hi-tech Investment and Bio-town Investment (collectively the "Onshore Investors"), the Domestic Subsidiary shall repurchase all or portion of their outstanding ownership from time to time on or upon, amongst others, the fifth anniversary of the Closing with a repurchase price being the higher of:

(1) the corresponding equity value of the Domestic Subsidiary evaluated by a third-party valuer at the time of triggering the repurchase obligation; or

(2) 100% of the principals plus interest accrued at the rate of eight percentage (simple interest) of the principals per annum starting from the principals receiving date (the "Closing") to the repurchase price payment date by the Domestic Subsidiary.

Under the Hi-tech Investment Agreement, the Domestic subsidiary was given a call option to repurchase at least 2/3 of the ownership held by Hi-tech in tranches within three years after the Closing. The redemption price is determined to be the Hi-tech Investment Principal plus a 8% annual simple interest rate commencing from the date of Hi-tech Investment Principal payment to the date of repurchase.

Liquidation preferences

In an event of any liquidation, all assets and funds of the Domestic Subsidiary legally available for distribution to the shareholders of the Domestic Subsidiary shall, by reason of the shareholders' ownership of the shares, be distributed as follows:

(1) Prior to and in preference to any distribution of any of the assets of the Domestic Subsidiary to other shareholders of the Domestic Subsidiary, the Onshore Investors shall be entitled to receive an amount equal to 100% of the Principal, plus a simple annual interest of 8% (the "Preference Amount");

(2) Upon the receiving of the Preference Amount by the Onshore Investors, the residual assets and funds could be allocated among other shareholders of the Domestic Subsidiary based on their percentage of paid-in and addition paid-in capital;

Under current IFRSs, when the call or put option is granted, the instrument is regarded as a debt and the Group is required to record a financial liability which is to be measured at the present value of the exercise price. The financial liability is subsequently measured in accordance with IFRS 9.

The directors initially have estimated that the potential exercise price would be RMB100,000,000 and RMB15,000,000, based on the present value of the exercise price as of the date of the agreement. Subsequently, the Group has recorded expenses of RMB3,822,000 and RMB12,814,000 associated with the changes in the present value of the exercise price, which are included in finance costs in profit or loss for the years ended 2019 and 2020, respectively. The balance of other financial liabilities was RMB103,822,000 and RMB131,636,000 as of December 31, 2019 and 2020, respectively.

25. SHARE CAPITAL

Authorised:

	As at 31 December	
	2019	**2020**
	Number of shares authorised	
Ordinary Shares of USD0.0001 each	405,312,832	405,312,832
Series Pre-A Preferred Shares of USD0.0001 each	25,758,891	25,758,891
Series A Preferred Shares of USD0.0001 each	32,000,000	32,000,000
Series B Preferred Shares of USD0.0001 each	36,928,277	36,928,277
	500,000,000	500,000,000

Issued and fully paid:

	As at 31 December 2019 and 2020		
	Number of shares in issue	**Share capital**	
		USD'000	*RMB'000*
Ordinary shares of USD0.0001 each	67,098,209	7	45

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital**	
		USD'000	*RMB'000*
As at 1 January 2019	67,098,209	7	45
As at 31 December 2019 and 2020	67,098,209	7	45

26. DEFICITS

The Group

The amounts of the Group's deficits 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.

The Company

The amounts of the Company's reserves/(deficits) and the movements therein for the Relevant Periods are presented as follows:

	Reserves/(Deficits)
	RMB'000
At 1 January 2019	152,971
Loss for the year	(98,493)
At 31 December 2019 and 1 January 2020	54,478
Loss for the year	(687,059)
At 31 December 2020	(632,581)

27. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

In 2019, the Group had non-cash additions to right-of-use assets of RMB2,851,000, and non-cash additions to lease liabilities of RMB2,851,000, respectively, in respect of lease arrangements for office and laboratory premises.

(b) Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Convertible redeemable preferred shares	Other financial liabilities	Lease liabilities	Accrued listing expense included in other payables	Amount due to related parties	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	223,565	–	30,148	–	47,028	300,741
Changes from financing cash flows	410,500	100,000	(5,673)	–	239	505,066
Foreign exchange losses	1,986	–	–	–	–	1,986
Changes in fair value	97,212	–	–	–	–	97,212
New leases arrangements	–	–	2,851	–	–	2,851
Accretion of interest	–	3,822	1,375	–	480	5,677
At 31 December 2019 and 1 January 2020	733,263	103,822	28,701	–	47,747	913,533

	Convertible redeemable preferred shares	Other financial liabilities	Lease liabilities	Accrued listing expense included in other payables	Amount due to related parties	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Changes from financing cash flows	3,475	15,000	(5,464)	–	(5,614)	7,397
Increase in listing expenses	–	–	–	280	–	280
Increase in deferred listing expenses	–	–	–	70	–	70
Foreign exchange gains	(47,436)	–	–	–	–	(47,436)
Changes in fair value	696,470	–	–	–	–	696,470
Accretion of interest	–	12,814	1,255	–	240	14,309
At 31 December 2020	1,385,772	131,636	24,492	350	42,373	1,584,623

28. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	As at 31 December	
	2019	2020
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Leasehold improvements	10,227	1,970

29. RELATED PARTY TRANSACTIONS

The Directors are of the opinion that the following companies are related parties that had material transactions or balances with the Group during the Relevant Periods.

(a) Name and relationships of the related parties

Name	Relationship
I CARE Investment Chengdu Co., Ltd. 毅新康諾(成都)企業管理中心(有限合夥) ("I CARE")	Controlled by Dr. Bo Chen
Dr. Bo Chen	Chairman, chief executive, and director

(b) Transactions with the related parties

The Group

	As at 31 December	
	2019	2020
	RMB'000	*RMB'000*
Interest expenses		
I CARE	480	240

(c) Outstanding balances with related parties:

The Group

	As at 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Amounts due to related parties-non-trade		
I CARE *(note (a))*	46,247	40,873
Dr. Bo Chen *(note (b))*	1,500	1,500
	47,747	42,373

Note (a) The outstanding principal and interests of the borrowings from I CARE comprise (i) an outstanding acquisition consideration of RMB35,500,000 and RMB29,888,000 at the end of 2019 and 2020, respectively, in relation to the transfer of registered capital from I CARE to iBridge HK. Pursuant to an equity transfer agreement in April 2018 entered into between I CARE and iBridge HK, I CARE transferred the registered capital of US$118,741 of Chengdu Keymed, representing all of its equity interest in Chengdu Keymed, to iBridge HK at the consideration of RMB35,500,000. Such amounts due to I CARE were unsecured, interest free and repayable on demand; and (ii) an outstanding amount of RMB10,747,000 and RMB10,985,000 at the end of 2019 and 2020, respectively, in relation to the payment of RMB12,000,000 made by I CARE on behalf of the Group for the acquisition of Chengdu Hua Mian Biosciences Co., Ltd. in May 2018. Such amounts due to I CARE bore an interest rate of 4% per annum and were payable upon demand. The Group accrued an accumulated interest of RMB760,000 and RMB1,000,000 as at 31 December 2019 and 2020.

The Group had fully repaid the principal and interests of the borrowings from I CARE as at 31 March 2021.

Note (b): Chengdu Keymed received a talent subsidy of RMB1,500,000 in total from the local government on behalf of Dr. Bo Chen, which was fully repaid by the Group in March 2021.

The Company

The amounts due from the subsidiaries of the Company are non-interest-bearing and receivable on demand with the carrying amount approximating to their 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.

	As at 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Amounts due from subsidiaries		
iBridge HK Holdings Limited	97,930	210,152
Chengdu Keymed	66,274	61,987
	164,204	272,139

(d) Compensation of key management personnel of the Group:

	Year ended 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	4,043	5,635
Pension scheme contributions	94	85
	4,137	5,720

Further details of directors' and the chief executive's remuneration are included in note 8 to the Historical Financial Information.

30. 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 are as follows:

Financial assets

The Group

	As at 31 December 2019		
	Financial assets at amortised cost	**Financial assets at fair value through profit or loss**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets included in prepayments, other receivables and other assets	3,436	–	3,436
Other investments classified as financial assets at FVTPL	–	66,341	66,341
Cash and bank balances	432,608	–	432,608
	436,044	66,341	502,385

	As at 31 December 2020		
	Financial assets at amortised cost	**Financial assets at fair value through profit or loss**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets included in prepayments, other receivables and other assets	4,082	–	4,082
Other investments classified as financial assets at FVTPL	–	10,394	10,394
Time deposits	144,279	–	144,279
Cash and bank balances	199,409	–	199,409
	347,770	10,394	358,164

The Company

	As at 31 December 2019		
	Financial assets at amortised cost	**Financial assets at fair value through profit or loss**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from subsidiaries	164,204	–	164,204
Cash and bank balances	289,460	–	289,460
	453,664	–	453,664

	As at 31 December 2020		
	Financial assets at amortised cost	**Financial assets at fair value through profit or loss**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from subsidiaries	272,139	–	272,139
Time deposits	144,279	–	144,279
Cash and bank balances	136,570	–	136,570
	552,988	–	552,988

Financial liabilities

The Group

	As at 31 December 2019		
	Financial liabilities at amortised cost	**Financial liabilities at fair value through profit or loss**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	3,478	–	3,478
Financial liabilities included in other payables and accruals	7,791	–	7,791
Amounts due to related parties	47,747	–	47,747
Convertible redeemable preferred shares	–	733,263	733,263
Other financial liabilities	103,822	–	103,822
	162,838	733,263	896,101

	As at 31 December 2020		
	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	3,418	–	3,418
Financial liabilities included in other payables and accruals	3,927	–	3,927
Amounts due to related parties	42,373	–	42,373
Convertible redeemable preferred shares	–	1,385,772	1,385,772
Other financial liabilities	131,636	–	131,636
	181,354	1,385,772	1,567,126

The Company

	As at 31 December 2019		
	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	RMB'000	*RMB'000*	*RMB'000*
Other payables and accruals	644	–	644
Convertible redeemable preferred shares	–	595,019	595,019
Other financial liabilities at FVTPL	–	3,884	3,884
	644	598,903	599,547

	As at 31 December 2020		
	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	RMB'000	*RMB'000*	*RMB'000*
Other payables and accruals	350	–	350
Convertible redeemable preferred shares	–	1,385,772	1,385,772
	350	1,385,772	1,386,122

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, financial assets included in prepayments, other receivables and other assets, and financial liabilities included in trade payables, and other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the Chief Finance Officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the Chief Finance Officer at December 31, 2019 and 2020, the finance department analyses the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors of the Company once a year for annual financial reporting.

Fair value hierarchy

Financial assets

The Group

The following table illustrate the fair value measurement hierarchy of the Group's financial instruments:

Financial assets at FVTPL:

The Group

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**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other investments classified as financial assets at FVTPL	–	66,341	–	66,341

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other investments classified as financial assets at FVTPL	–	10,394	–	10,394

Financial liabilities at FVTPL:

The Group

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**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Convertible redeemable preferred shares	–	–	733,263	733,263

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Convertible redeemable preferred shares	–	–	1,385,772	1,385,772

Financial instruments in Level 3

Further details of the convertible redeemable preferred shares are included in note 23 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.

The Company

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**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Convertible redeemable preferred shares	–	–	595,019	595,019
Other financial liabilities at FVTPL	–	–	3,884	3,884
	–	–	598,903	598,903

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Convertible redeemable preferred shares	–	–	1,385,772	1,385,772

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly comprise cash and bank balances, time deposits, other investments classified as financial assets at FVTPL, amounts due to related parties, convertible redeemable preferred shares, other financial liabilities and other financial liabilities at FVTPL. 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 financial assets included in prepayments, other receivable and other assets, amounts due from related parties, trade payables, and 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 review and agree policies for managing each of these risks and they 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 cash and bank balances and time deposits, and other payables and accruals 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 foreign currency exchange rates, 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 the Group's equity.

	Increase/ (decrease) in rate of foreign exchange	Increase/ (decrease) in loss before tax	Increase/ (decrease) in equity
	%	*RMB'000*	*RMB'000*
31 December 2019			
If RMB weakens against USD	5	21,593	21,593
If RMB strengthens against USD	(5)	(21,593)	(21,593)
31 December 2020			
If RMB weakens against USD	5	53,383	53,383
If RMB strengthens against USD	(5)	(53,383)	(53,383)

Credit risk

Credit risk is the risk that a counter party will default on contractual obligations resulting in financial loss to the Group.

The credit risk of the Group's financial assets, which primarily comprise cash and bank balances, time deposits, other investments classified as at FVTPL, and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

For financial assets included in prepayments, other receivables and other assets, management makes periodic collective assessment as well as individual assessment on the recoverability of such assets based on historical settlement records and past experience. The Directors believe that there is no material credit risk inherent in the Group's outstanding balances.

As at the end of the each of the Relevant Periods, cash and bank balances were deposited in reputable financial institutions without significant credit risk. Other investments at FVTPL were obtained through reputable financial institutions without significant credit risk.

Liquidity risk

The Group monitors and maintains a level of cash and bank balances deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

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:

	As at 31 December 2019			
	On demand or within one year	**One to five years**	**Over five years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	3,478	–	–	3,478
Other payables and accruals	7,791	–	–	7,791
Lease liabilities	5,666	17,880	10,093	33,639
Amounts due to related parties	47,747	–	–	47,747
Convertible redeemable preferred shares *(note)*	–	–	604,674	604,674
Other financial liabilities *(note)*	–	103,822	–	103,822

	As at 31 December 2020			
	On demand or within one year	**One to five years**	**Over five years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	3,098	320	–	3,418
Other payables and accruals	3,927	–	–	3,927
Lease liabilities	5,197	16,656	6,120	27,973
Amounts due to related parties	42,373	–	–	42,373
Convertible redeemable preferred shares *(note)*	–	662,133	–	662,133
Other financial liabilities *(note)*	–	131,636	–	131,636

Note: The amount represents the contractual amount to be exchanged for the convertible redeemable preferred shares and other financial liabilities for which gross cash flows are exchanged.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's abilities 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 and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may 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 for managing capital as at the end of each of the Relevant Periods.

33. EVENTS AFTER THE RELEVANT PERIODS

(a) The impact of COVID-19

The management of the Company expected that clinical trials in Mainland China will not be significantly affected by the outbreak of COVID-19. The Directors believe that, based on the information available as of the date of this report, the outbreak of COVID-19 would not result in a material disruption to the Group's business operations or a material impact on the financial position or financial performance of the Group.

It is uncertain when and whether COVID-19 could be controlled globally. The above analysis is made by the management of the Company based on the currently available information concerning COVID-19. The management of the Company cannot assure that the outbreak of COVID-19 will not further escalate or have a material adverse effect on the Group's results of operations.

(b) Restricted share unit scheme

On April 7, 2021, the Company adopted the Restricted Share Unit Scheme ("RSUs") and a total of 17,976,153 ordinary shares were allotted and issued to Eagle Hero Management Limited which holds the Shares underlying the awards under the RSUs. In order to facilitate the administration of the RSUs, the Company has established a trust (the"ESOP Trust") by entering into a trust deed with Trident Trust Company (HK) Limited, as trustee of the trust. Dr. Chen as the adviser of the trust is able to exercise voting rights attached to the Shares held by the ESOP Trust.

(c) Share transfer

On March 18, 2021, Dr. Chen had transferred 8.02% of Moonshot Holding Limited to Dr. Jia for incentive purpose.

(d) License-out activity

On March 10, 2021, Chengdu Keymed entered into an exclusive license agreement (the "CSPC Agreement") with Shanghai JMT-BIO Technology Co., Ltd. 上海津曼特生物科技有限公司, a wholly-owned subsidiary of CSPC Pharmaceutical Group Limited ("CSPC"), to develop and commercialise CM310 for the treatment of moderate and severe asthma, chronic obstructive pulmonary disease ("COPD") and other respiratory diseases (the "Field") in China (excluding Hong Kong, Macau, or Taiwan) (the "Territory"). Under the CSPC Agreement, Chengdu Keymed has granted CSPC an exclusive license under the know-how and patents controlled by Chengdu Keymed to develop and commercialise CM310 in the Field in the Territory. Under the CSPC Agreement, CSPC should pay Chengdu Keymed a one-time, non-refundable and non-creditable upfront payment. Moreover, CSPC is obligated to pay Chengdu Keymed up to RMB100 million upon the achievement of development milestones and up to RMB200 million upon the achievement of sales milestones. CSPC will also be required to pay Chengdu Keymed tiered royalties on the net sales of CM310 sold in the Territory.

(e) Share repurchase and series C financing

On February 10, 2021, the Company entered into Series C Preferred Share Purchase Agreement (the "SPA") between, amongst others, with a group of investors (the "Series C Investors"). Pursuant to the SPA, the Series C Investors subscribed for and the Company allotted and issued a total of 35,422,353 Series C Preferred Shares at a purchase price of USD3.67 per Series C Preferred Share for a total consideration of approximately USD130 million (the "Series C Financing"). Concurrently with the Series C Financing, the Company repurchased 2,452,317 Series Pre-A Preferred Shares from Vast Equity for a consideration of US$9,000,000.

34. 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 December 31, 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 Prospectus, and is included herein for information purpose only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with paragraph 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 if the Global Offering had taken place on December 31, 2020.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group to owners of the parent had the Global Offering been completed as of December 31, 2020 or as at any future dates.

	Consolidated net tangible liabilities of the Group attributable to owners of the Company as at December 31, 2020	**Estimated net Proceeds from the Global Offering**	**Estimated impact to the consolidated net tangible liabilities upon the conversion of convertible redeemable preferred shares**	**Unaudited pro forma adjusted consolidated net tangible assets as at December 31, 2020**	**Unaudited pro forma adjusted consolidated net tangible assets per Share as at December 31, 2020**	
	RMB'000 *(Note 1)*	*RMB'000* *(Note 2)*	*RMB'000* *(Note 3)*	*RMB'000*	*RMB* *(Note 4)*	*HK$* *(Note 5)*
Based on an Offer Price of HK$50.50 per Share	(1,094,647)	2,307,335	1,385,772	2,598,460	11.81	14.26
Based on an Offer Price of HK$51.90 per Share	(1,094,647)	2,372,118	1,385,772	2,663,243	12.10	14.61
Based on an Offer Price of HK$53.30 per Share	(1,094,647)	2,436,900	1,385,772	2,728,025	12.40	14.97

Notes:

1. The consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at December 31, 2020 is arrived at after deducting intangible assets or RMB109,000 from the audited net liabilities attributable to owners of the Company as at December 31, 2020 of RMB1,094,538,000 set out in the Accountants' Report in Appendix I to this prospectus.

2. The estimated net proceeds from the Global Offering are based on estimated low end and high end offer prices of HK$50.50 or HK$53.30 per Share after deduction of the underwriting fees and other related expenses payable by the Company and do not take into account any share which may be sold and offered upon exercise of the Over-allotment Option.

3. Upon the Listing and the completion of the Global Offering, all convertible redeemable preferred shares 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 liabilities attributable to owners of the parent will be decreased by RMB1,385,772,000, being the carrying amounts of the convertible redeemable preferred shares as at December 31, 2020.

4. The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 58,264,500 Shares are in issue assuming the Global Offering has been completed on December 31, 2020.

5. For the purpose of this unaudited pro forma statement of adjusted net tangible assets, the balances stated in RMB are converted into HK$ at the rate of RMB1.00 to HK$1.2074.

6. The unaudited pro forma adjusted consolidated net tangible assets per Share as at December 31, 2020 would then be adjusted to HK$16.14, HK$16.45 and HK$16.76 based on an offer price of HK$50.50, HK$51.90 and HK$53.30 respectively, assuming that Series C financing and repurchase of Series Pre-A Preferred Shares had been completed as of December 31, 2020.

7. 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 December 31, 2020, except the transactions included in note 6.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from our reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the pro forma financial information of the Group.

Ernst & Young
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Quarry Bay, Hong Kong

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To the Directors of Keymed Biosciences Inc.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Keymed Biosciences Inc. (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 December 31, 2020, and related notes as set out on pages II-1 to II-2 of the prospectus dated June 25, 2021 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 Part A of Appendix II 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 December 31, 2020 as if the transaction had taken place at December 31, 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 period ended December 31, 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
June 25, 2021

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on June 22, 2021 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 Cayman Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix V in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection".

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on June 22, 2021 and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of ordinary shares. The authorized share capital of the Company at the date of adoption of the Articles is US$50,000 divided into 500,000,000 shares of US$0.0001 each.

2.2 Directors

(a) Power to allot and issue Shares

Subject to the provisions of the Cayman Companies Act 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 Cayman Companies Act 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 Cayman Companies Act expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Cayman Companies Act 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 realized 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 traveling 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 number of Directors shall not be less than two.

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.

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. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors and which Directors who are to retire by rotation at such meeting.

No person shall, unless recommended by the Board, 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 dispatch 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 a 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 dispatch 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 Cayman Companies Act, 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 authorized 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 authorized 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 ratably 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 canceled subject to the provisions of the Cayman Companies Act; 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 Cayman Companies Act, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorized and subject to any conditions prescribed by the Cayman Companies Act.

2.6 Special resolution – majority required

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Cayman Companies Act, 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, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorized representatives, 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 signed by all members for the time being entitled to receive notice of and to

attend and vote at general meetings (or being corporations by their duly appointed representatives), and any such resolution shall be deemed to have been passed at a meeting held on the date on which it was signed by the last member to sign.

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, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorized representatives, 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 authorized 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 authorized 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 recognized clearing house (or its nominee(s)) is a member of the Company it may authorize 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 authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognized clearing house (or its nominee(s)) which he represents as that recognized 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 authorization, 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 authorize). The annual general meeting shall be specified as such in the notices calling it.

Extraordinary general meetings may be convened on the requisition of two or more shareholders (or any one member which is a recognized clearing house (or its nominee(s)) holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings.

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 Cayman Companies Act.

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 Cayman Companies Act or any other relevant law or regulation or as authorized 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 statement of financial position 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.

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.

2.10 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.

2.11 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, in its absolute discretion, and without assigning any reason, 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 canceled) 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 favor 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).

2.12 Power of the Company to purchase its own shares

The Company is empowered by the Cayman Companies Act 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 canceled upon the repurchase. The holder of the shares being purchased shall be bound to deliver up to the Company at its principal place of business in Hong Kong or such other place as the Directors shall specify the certificate(s) thereof, if any, for cancellation and thereupon the Company shall pay to him the purchase or redemption monies in respect thereof.

2.13 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.

2.14 Dividends and other methods of distribution

Subject to the Cayman Companies Act 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 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, installments 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.

Whenever the Directors or the Company in general meeting have resolved that a dividend may be paid or declared, the Directors may further resolve that such 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.

2.15 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 favor 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 authorized in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorized 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.

2.16 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 installments and shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and installments 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 installment 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 bolder of such shares requiring payment of so much of the call or installment 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 installment 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 installments 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.

2.17 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.

2.18 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 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 authorized 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.

2.19 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.

2.20 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 Cayman Companies Act, 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 Cayman Companies Act, 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.

2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Cayman Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Cayman Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Cayman Companies Act, 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 23 April 2018 under the Cayman Companies Act. 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 authorized share capital.

3 Share Capital

The Cayman Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Cayman Companies Act 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 cancelation of shares in any other company and issued at a premium. The Cayman Companies Act 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 Cayman Companies Act);

(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 Cayman Companies Act 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 authorized by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Cayman Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized 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 authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorized 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 Cayman Companies Act, 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 Cayman Companies Act 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 Cayman Companies Act 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 Cayman Companies Act 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 Cayman Companies Act 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 Cayman Companies Act 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 Cayman Companies Act 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 authorized by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Cayman Companies Act 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 Cayman Companies Act 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 authorized by (a) a special resolution of each constituent company and (b) such other authorization, 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, ratably 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 Act (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 Act (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 Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Law, 2018 ("**ES Law**") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Law. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, if an exempted company incorporated in the Cayman Islands is tax resident outside the Cayman Islands, it will not be required to satisfy the economic substance test set out in the ES Law.

22 General

Campbells, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarizing aspects of Cayman Islands company law. This letter, together with a copy of the Cayman Companies Act, is available for inspection as referred to in the section headed "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 of Our Company

We were incorporated in the Cayman Islands on April 23, 2018 under the Companies Law as an exempted company with limited liability. Accordingly, our corporate structure and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of our Articles of Association is set out in Appendix III to this prospectus.

Our registered place of business in Hong Kong is at Room 1701 Lippo Centre Tower 2, Queensway, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on May 25, 2021. Mr. Keith Shing Cheung WONG of SWCS Corporate Services Group (Hong Kong) Limited has been appointed as our authorized representative for the acceptance of service of process and notices in Hong Kong.

2. Changes in the Share Capital of Our Company

As at the date of our incorporation, our authorized share capital was US$50,000, divided into 5,000,000 shares of par value of US$0.01 each. Upon its incorporation, one nil-paid Share was allotted and issued to an initial subscriber who is an Independent Third Party on April 23, 2018.

The following alterations in the share capital of our Company have taken place within the two years immediately preceding the date of this prospectus:

On December 19, 2019, as part of the Series B Financing, the Company allotted and issued a total of 36,928,277 Series B Preferred Shares to our Series B Investors at a purchase price of US$1.6004 per Series B Preferred Share. On March 6, 2021, as part of the Series C Financing, the Company allotted and issued a total of 35,422,353 Series C Preferred Shares to our Series C Investors at a purchase price of US$3.6700 per Series C Preferred Share. The Company also concurrent repurchased 2,452,317 Series Pre-A Preferred Shares from Vast Equity Holdings Limited for at a repurchase price of US$3.6700 per Series Pre-A Preferred Share.

On April 7, 2021, the Company allotted and issued 17,976,153 Ordinary Shares to Eagle Hero which holds the Shares underlying the awards under the Restricted Share Unit Scheme for the ESOP Trust as part of establishing our Restrictive Share Unit Scheme.

Save as disclosed above, in the section headed "History, Development and Corporate Structure" and "– 4. Resolutions of the Shareholders of the Company Passed on June 22, 2021" below, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this prospectus.

3. Changes in the Share Capital of Our Subsidiaries

Our subsidiaries are set out in the Accountants' Report, the text of which is set out in Appendix I to this prospectus. The following alterations in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

Chengdu Kangnuo Xing

On July 8, 2019, the registered capital of Chengdu Kangnuo Xing was increased by RMB2,000,000 to RMB12,000,000.

On March 17, 2020, the registered capital of Chengdu Kangnuo Xing was increased by RMB300,000 to RMB12,300,000.

Beijing Lingyue

On December 4, 2019, Beijing Lingyue was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Chengdu Keymed Boyu

On December 29, 2020, Chengdu Keymed Boyu was established in the PRC as a limited liability company with a registered capital of USD15,200,000.

KWM Biosciences Inc.

On December 2, 2019, KWM Biosciences Inc. was incorporated in the USA with a registered capital of US$0.1.

Acquisition of Chengdu Huamian in 2018

On May 11, 2018, I CARE entered into a share transfer agreement (the "**Share Transfer Agreement**") with Chengdu Huahao Zhongtian Pharmaceutical Co., Ltd. (成都華昊中天藥業有限公司, "**Huahao Zhongtian**"), Chengdu Huamian and Dr. Wang, pursuant to which Huahao Zhongtian agreed to transfer its 60% paid-up registered capital in Chengdu Huamian to I CARE for a total amount of RMB12,000,000 On May 14, 2018, I CARE paid the full consideration to Huahao Zhongtian.

On May 16, 2018, given that I CARE has entered into the Share Transfer Agreement with relevant parties on May 11, 2018, Chengdu Keymed entered into a shareholding entrustment agreement (the "**Shareholding Entrustment Agreement**") with I CARE to clarify and confirm the shareholding entrustment arrangement pursuant to which I CARE acquired the equity interests in Chengdu Huamian on behalf of Chengdu Keymed. Upon completing the acquisition, Chengdu Keymed acquired entire RMB1,081,000 net assets of Chengdu Huamian, which were composed of RMB5,374,000 assets, including

RMB2,500,000 financial assets measured at fair value through profit and loss, RMB1,132,000 cash and cash equivalents, RMB1,742,000 research and development equipment and leasehold improvements as well as RMB4,293,000 payables and other liabilities. The management of Chengdu Keymed assessed that the fair value of the acquired net assets of Chengdu Huamian approximated to their carrying amount on the acquisition date. The difference between the consideration paid and the fair value of the acquired net assets, i.e. RMB10,919,000, was charged to the profit and loss of Chengdu Keymed in 2018, which represented the premium paid by Chengdu Keymed to introduce an experienced research and development team led by Dr. Wang into the Group so as to significantly enhance the Group's drug discovery capacity.

On June 30, 2019, a resolution was passed by the directors of Chengdu Huamian to revise the method of capital contribution for Dr. Wang's 40% unpaid registered capital from "cash" to "intangible assets" and Chengdu Huamian's articles of association was revised accordingly. On April 10, 2020, a resolution was passed by the directors of Chengdu Huamian to restore the method of capital contribution for Dr. Wang's interest to "cash" and Chengdu Huamian's articles of association was revised accordingly.

On June 20, 2020, I CARE transferred its 60% interest in Chengdu Huamian back to Chengdu Keymed for RMB14 million in order to unwind the Shareholding Entrustment Agreement. Dr. Wang concurrently agreed to transfer his unpaid registered capital in Chengdu Huamian to Chengdu Keymed for nil consideration, upon which Chengdu Keymed assumed the responsibility to make such capital contribution.

4. Resolutions of the Shareholders of the Company Passed on June 22, 2021

Pursuant to the resolutions passed at a duly convened general meeting of our Shareholders on June 22, 2021, it was resolved, among others:

(a) the Amended and Restated Memorandum and Articles of Association were approved and adopted, and will come into effect upon Listing;

(b) conditional on (1) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; (2) the execution and delivery of the International Underwriting Agreement on or about Wednesday, June 30, 2021; and (3) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Joint Sponsors and/or the Joint Global Coordinators) and each of the Underwriting Agreements not being terminated in accordance with their terms or otherwise and conditional and immediately upon the re-designation, re-classification and conversion of the preferred Shares before the Listing:

(i) the Global Offering was approved and our Directors were authorized to effect the same and to allot and issue the Offer Shares pursuant to the Global Offering;

(ii) the grant of the Over-allotment Option by the Company to the International Underwriters to allot and issue up to 15% of the Offer Shares initially available under the Global Offering to cover, among other things, the over-allocations in the International Offering was approved; and

(iii) the proposed Listing was approved and our Directors were authorized to implement such Listing;

(c) a general unconditional mandate was granted to our Directors to allot, issue and deal with Shares, and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with at any time subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, shall not exceed 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or scrip dividend scheme or similar arrangements or a specific authority granted by our Shareholders or upon the exercise of the Over-allotment Option. This general mandate to issue Shares will remain in effect until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under the applicable laws or the Articles of Association; or

(iii) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting of our Company,

whichever is the earliest;

(d) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering (excluding Shares which may be allotted and issued upon the exercise of the Over-allotment Option).

This mandate only relates to repurchase made on the Stock Exchange or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose) and made in accordance with all applicable laws and regulations and the requirements of the Listing Rules. This general mandate to repurchase Shares will remain in effect until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles of Association; or

(iii) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting of our Company;

whichever is the earliest; and

(e) the general unconditional mandate as mentioned in paragraph (c) above would be extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (d) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering, excluding any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option).

5. Repurchase of our Shares

This section sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by us of our own Shares.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own Shares on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' Approval

All proposed repurchase of Shares (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

(ii) Source of Funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the constitutive documents of a listed company, the laws of the jurisdiction in which the listed company is incorporated or otherwise established. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Subject to the foregoing, any

repurchases by a listed company may be made out of the funds which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of the shares to be repurchased must be out of the funds which would otherwise be available for dividend or distribution or from sums standing to the credit of our share premium account.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue.

A company may not make a new issue or announce a proposed new issue of shares for a period of 30 days after any repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the listed company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange.

In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

The Listing Rules also prohibit a listed company from repurchasing its securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase made on behalf of the listed company as the Stock Exchange may require.

A listed company may not make any repurchase of shares 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 a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for a listed company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances.

(iv) Status of Repurchased Shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(v) Reporting Requirements

Certain information relating to repurchases of shares on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day on which the listed company makes a purchase of its shares. The report must state the total number of shares purchased by the listed company the previous day, the purchase price per share or the highest and lowest prices paid for such purchases. In addition, a listed company's annual report is required to disclose details regarding repurchases of shares made during the year, including the number of shares repurchased each month (whether on the Stock Exchange or otherwise), the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate price paid.

(vi) Core Connected Persons

A listed company is prohibited from knowingly repurchasing its shares from a "core connected person," that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their close associates and a core connected person is prohibited from knowingly selling its shares to the company.

(b) Reasons for Repurchase

Our Directors believe that it is in the best interest of us and our Shareholders for our Directors to have general authority from the Shareholders to enable us 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 us and our Shareholders.

(c) Funding of Repurchases

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with the Articles of Association, the Companies Law or other applicable laws of Cayman Islands and the Listing Rules. On the basis of our current financial condition as disclosed in this prospectus and taking into account our current working capital position, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or

our gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(d) General

Exercise in full of the current repurchase mandate, on the basis of 270,996,066 Shares in issue after completion of the Global Offering (without taking into account of the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), could accordingly result in up to 27,099,606 Shares being repurchased by us during the period prior to:

(i) the conclusion of our next annual general meeting;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles of Association to be held; or

(iii) the date on which the repurchase mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules) currently intends to sell any Shares to us or our subsidiaries. Our Directors have undertaken with the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules, the Articles of Association, the Companies Law or any other applicable laws of Cayman Islands.

If, as a result of a repurchase of our Shares pursuant to the repurchase mandate, a Shareholder's proportionate interest in our voting rights is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us 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.

No core connected person, as defined in the Listing Rules, has notified us that he/she or it has a present intention to sell his/her or its Shares to us, or has undertaken not to do so, if the repurchase mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF THE COMPANY

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Group within the two years preceding the date of this prospectus and are or may be material:

(a) a cornerstone investment agreement dated June 22, 2021 entered into among our Company, Invesco Advisers, Inc., Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司), details of which are included in the section headed "Cornerstone Placing" in this prospectus;

(b) a cornerstone investment agreement dated June 22, 2021 entered into among our Company, UBS Asset Management (Singapore) Ltd., Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司), details of which are included in the section headed "Cornerstone Placing" in this prospectus;

(c) a cornerstone investment agreement dated June 22, 2021 entered into among our Company, Aranda Investments Pte. Ltd., Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司), details of which are included in the section headed "Cornerstone Placing" in this prospectus;

(d) a cornerstone investment agreement dated June 22, 2021 entered into among our Company, Boyu Capital Opportunities Master Fund, Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司), details of which are included in the section headed "Cornerstone Placing" in this prospectus;

(e) a cornerstone investment agreement dated June 22, 2021 entered into among our Company, Double Joy Ventures Limited, Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities

Limited (中國國際金融香港證券有限公司) and Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司), details of which are included in the section headed "Cornerstone Placing" in this prospectus;

(f) a cornerstone investment agreement dated June 22, 2021 entered into among our Company, Dragon Merit Holdings Limited (佳曦控股有限公司), Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司), details of which are included in the section headed "Cornerstone Placing" in this prospectus;

(g) a cornerstone investment agreement dated June 22, 2021 entered into among our Company, Lake Bleu Prime Healthcare Master Fund Limited, Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司), details of which are included in the section headed "Cornerstone Placing" in this prospectus;

(h) a cornerstone investment agreement dated June 22, 2021 entered into among our Company, LAV Star Limited, LAV Star Opportunities Limited, Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司), details of which are included in the section headed "Cornerstone Placing" in this prospectus;

(i) a cornerstone investment agreement dated June 22, 2021 entered into among our Company, Hudson Bay Master Fund Ltd., Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司), details of which are included in the section headed "Cornerstone Placing" in this prospectus;

(j) a cornerstone investment agreement dated June 22, 2021 entered into among our Company, Janchor Partners Pan-Asian Master Fund, Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司), details of which are included in the section headed "Cornerstone Placing" in this prospectus;

(k) a cornerstone investment agreement dated June 22, 2021 entered into among our Company, Octagon Investments Master Fund LP, Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司), details of which are included in the section headed "Cornerstone Placing" in this prospectus;

(l) a cornerstone investment agreement dated June 22, 2021 entered into among our Company, Sage Partners Master Fund, Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司), details of which are included in the section headed "Cornerstone Placing" in this prospectus;

(m) a cornerstone investment agreement dated June 22, 2021 entered into among our Company, Springhill Master Fund Limited, Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司), details of which are included in the section headed "Cornerstone Placing" in this prospectus;

(n) a cornerstone investment agreement dated June 22, 2021 entered into among our Company, Yi Fang Da Sirius Inv. Limited, Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司), details of which are included in the section headed "Cornerstone Placing" in this prospectus;

(o) a cornerstone investment agreement dated June 23, 2021 entered into among our Company, Gaoling Fund, L.P., YHG Investment, L.P., Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司), details of which are included in the section headed "Cornerstone Placing" in this prospectus; and

(p) The Hong Kong Underwriting Agreement.

2. Our Material Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we have applied for the registration of the following trademarks which have been published to the public and we consider to be material to our business:

No.	Name of Applicant	Place of Registration	Application No.	Trademark	Class	Application Date
1	Chengdu Keymed	PRC	48502329	善益平	5	July 29, 2020

No.	Name of Applicant	Place of Registration	Application No.	Trademark	Class	Application Date
2	Chengdu Keymed	PRC	48522852	善益灵	5	July 30, 2020
3	Chengdu Keymed	PRC	48523998	善益达	5	July 30, 2020
4	Chengdu Keymed	PRC	48527450	善亦灵	5	July 30, 2020
5	Chengdu Keymed	PRC	48531029	善悦达	5	July 30, 2020
6	Chengdu Keymed	PRC	48539707	善悦平	5	July 30, 2020
7	Chengdu Keymed	PRC	48540438	诺康妥	5	July 30, 2020
8	Chengdu Keymed	PRC	48552584	悦必达	5	July 31, 2020
9	Chengdu Keymed	PRC	48581538	康悦达	5	July 31, 2020
10	Chengdu Keymed	PRC	52526351	KEYMEDBIO	5, 42	December 28, 2020
11	Chengdu Keymed	PRC	53165330	康诺亚生物	5, 42	January 21, 2021
12	Chengdu Keymed	PRC	53184271	康诺亚医药	5, 42	January 21, 2021
13	Chengdu Keymed	PRC	53462859	KEYMED BIOSCIENCES	5, 42	February 1, 2021
14	Chengdu Keymed	PRC	53471485	KEYMED BIOTECH	5, 42	February 1, 2021
15	Chengdu Kangnuo Xing	PRC	52975015	康诺行	5, 42	January 14, 2021
16	The Company	Hong Kong	305628385	KeyMed Biosciences	5, 42	May 18, 2021

(b) Patents

For discussion of the details of the material patents and material filed patent applications by the Company in connection with our clinical and pre-clinical drug candidates, please refer to the paragraph headed "Business – Intellectual Property" in this document.

Save as aforesaid, as at the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our Group's business.

(d) Domain Names

As of the Latest Practicable Date, our material domain names were as follows:

No.	Domain name	Registrant	Date of registration	Expiry date
1.	keymedbio.com	Chengdu Keymed	December 25, 2020	December 25, 2025

C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of our Company and our associated corporations

The following table sets out the interests and short positions of the Directors and chief executive of the Company immediately following completion of the Global Offering (without taking into account the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option) in the Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are 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 to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once the Shares are listed:

Name of Director/Chief Executive	Capacity/nature of interest[1]	Number of Shares immediately after the completion of the Listing[1]	Approximate percentage of shareholding immediately after the completion of the Listing
Dr. Chen	Interest in controlled corporation	77,812,482	28.71%
	Advisor of a trust	17,976,153	6.63%

Note:

1. All interests stated are long position.

Dr. Chen is interested in approximately 65.36% of the shareholdings of Moonshot.

(b) Interests of the substantial shareholders in the Shares

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

(c) Interests of the substantial shareholders of other members of our Group

So far as our Directors are aware and saved as disclosed in this prospectus, as at the Latest Practicable Date, no persons are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group.

2. Particulars of Directors' Service Contracts and Letters of Appointment

Each of Dr. Chen, Dr. Wang, and Dr. Xu, being our executive Directors, has entered into a service contract with us for an initial term of three years commencing from the Listing Date, which may be terminated by not less than one month's notice in writing served by either the executive Director or our Company.

Each of Dr. Min Chuan WANG, Mr. Qi CHEN, Mr. Yilun LIU and Dr. Dong LYU, being our non-executive Directors, has entered into a letter of appointment with us for an initial term of three years commencing from the Listing Date, which may be terminated by not less than one month's notice in writing served by either the non-executive Director or our Company.

Each of Prof. Yang KE, Prof. Xiao-Fan WANG, Mr. Cheuk Kin Stephen LAW and Prof. Linqing LIU, being our independent non-executive Directors, has entered into a letter of appointment with us for an initial term of three years commencing from the Listing Date, which may be terminated by not less than one month's notice in writing served by either the independent non-executive Director or our Company.

Save as disclosed in this prospectus, none of the Directors has or is proposed to have entered into any service agreement or letter of appointment with any member of the Group (excluding agreements expiring or determinable by any member of the Group within one year without payment of compensation other than statutory compensation).

3. Remuneration of Directors

The aggregate amount of remuneration which was paid to our Directors for the years ended December 31, 2019 and December 31, 2020 were approximately RMB1.17 million and RMB0.92 million, respectively.

It is estimated that remuneration and benefits in kind equivalent to approximately RMB5.2 million in aggregate will be paid and granted to our Directors by us in respect of the financial year ending December 31, 2021 under arrangements in force at the date of this prospectus.

The aggregate amount of remuneration which were paid by the Group to our five highest paid individual (including both employees and Directors) for the the years ended December 31, 2019 and December 31, 2020 were approximately RMB4.82 million and RMB5.15 million, respectively.

None of our Directors or any past directors of any member of the Group has been paid any sum of money for each of the years ended December 31, 2019 and December 31, 2020 as (a) an inducement to join or upon joining the Company; or (b) for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the years ended December 31, 2019 and December 31, 2020.

4. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors or our chief executive has any interest or short position in the Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV 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 to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the Shares are listed;

(b) none of our Directors is aware of any person (not being a Director or chief executive of the Company) who will, immediately following completion of the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), have an interest or short position in the 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 who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;

(c) so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who own more than 5% of the number of issued shares of the Company have any interests in the five largest customers or the five largest suppliers of the Group; and

(d) each of our executive and non-executive Directors have confirmed that as of the Latest Practicable Date, none of them or any of their respective close associates (as defined in the Listing Rules) had interests in any business other than our business, which compete, or is likely to compete, either directly or indirectly with our business that would require disclosure under Rule 8.10 of the Listing Rules.

D. SHARE INCENTIVE SCHEMES

1. RSU Scheme

The Company has conditionally adopted a restricted share unit scheme (the "RSU Scheme") by a board resolution on April 5, 2021. The RSU Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as the RSU Scheme does not involve the grant of options by our Company to subscribe for new Shares. The following is a summary of the principal terms of the RSU Scheme.

(a) Purposes of the RSU Scheme

The purposes of this RSU Scheme is to incentivize eligible participants in the RSU Scheme (the RSU Participants as defined below) for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

(b) RSU Participants

Persons eligible to receive RSUs under the RSU Scheme are employees or officers of the Group, including executive, non-executive and independent non-executive directors, any person or entity that provides research, development, consultancy and other technical or operational or administrative support to the Group; and any other persons who, in the sole opinion of the Board, have contributed or will contribute to the Company and/or any of its Subsidiaries (the "RSU Participant(s)").

(c) RSU Awards

A RSU award gives a RSU Participant a conditional right when the RSU vests to obtain either Shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of exercise of the RSUs, less any tax, stamp duty and other charges applicable, as determined by our Board in its absolute discretion. Each RSU represents one underlying Share.

(d) Status of the RSU Scheme

The RSU Scheme is conditional upon the satisfaction of the following conditions:

(i) the passing by the shareholders of a resolution to authorize the Board to grant RSUs under the RSU Scheme and to allot and issue, procure the transfer of, and otherwise deal with Shares in connection with the RSU Scheme;

(ii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Shares underlying any RSU which may be granted pursuant to the RSU Scheme; and

(iii) the commencement of trading of the Shares on the Stock Exchange;

(collectively, the "RSU Conditions").

(e) Term of the Scheme

Subject to the RSU Conditions being satisfied and the termination clause in paragraph (y), the RSU Scheme shall be valid and effective for the period of ten (10) years commencing on the Listing Date (unless it is terminated earlier in accordance with its terms) (the "Term of the RSU Scheme"), after which period no further Awards will be granted, but the provisions of the RSU Scheme shall in all other respects remain in full force and effect and Awards that are granted during the Term of the RSU Scheme may continue to be exercisable in accordance with their terms of issue.

(f) Grant of Award

On and subject to the terms of the RSU Scheme and the terms and conditions that the Board imposes pursuant thereto, the Board shall be entitled at any time during the life of the RSU Scheme to make a grant to any RSU Participant, as the Board may in its absolute discretion determine.

Awards may be granted on such terms and conditions (e.g. by linking the vesting of their RSU to the attainment or performance of milestones by any member of the Group, the grantee or any group of RSU Participants) as the Board may determine, provided such terms and conditions shall not be inconsistent with any other terms and conditions of the RSU Scheme.

A grant shall be made to a RSU Participant by a letter and/or any such notice or document in such form as the Board may from time to time determine (the "Notice of Grant") and such grant shall be subject to the terms as specified in the RSU Scheme and the Notice of Grant shall be substantially in the form prescribed in the RSU Scheme. The Participant shall undertake to hold the Award on the terms on which it is granted and be bound by the provisions of the RSU Scheme. Such Award shall remain open for

acceptance by the RSU Participant to whom a grant is made for a period to be determined by the Board, provided that no such grant shall be open for acceptance after the 10th anniversary of the Listing Date or after the RSU Scheme has been terminated in accordance with the provisions hereof. To the extent that the Award is not accepted within the period determined by the Board, it will be deemed to have been irrevocably declined and shall immediately lapse.

(g) Acceptance of Award

If the RSU Participant accepts the offer of grant of RSU(s) by signing the Notice of Grant, he is required to sign the Acceptance Notice and return it to the Company within the period specified and in a manner prescribed in the Notice of Grant. Upon the receipt from the RSU Participant of a duly executed Acceptance Notice, the RSU(s) is deemed granted to such RSU Participant from the date of the Notice of Grant, and the RSU Participant becomes a grantee (the "Grantee") in the RSU Scheme.

The Notice of Grant sets out that the RSU Participants should undertake that they will not, inter alia, offer, sell or otherwise transfer or dispose of any vested Shares for a period ending on a date which is 365 days after the vesting of any Shares under the RSU Scheme.

(h) Restrictions on Grants

The Board may not grant any Awards to any Participants (the "Excluded Participants") in any of the following circumstances:

(a) the requisite approvals for that grant from any applicable regulatory authorities have not been obtained;

(b) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the grant of the Awards or in respect the RSU Scheme, unless the Board determines otherwise;

(c) where granting the Award would result in a breach by the Company, its subsidiaries or any of the directors of any applicable securities laws, rules or regulations; or

(d) where such grant of Award would result in a breach of the limits of the RSU Scheme.

Further, no grant shall be made to, nor shall any grant be capable of acceptance by, any RSU Participant at a time when the RSU Participant would or might be prohibited from dealing in the Shares by any applicable rules, regulations or laws. Further, a grant must not be made after a price sensitive event has occurred or a price sensitive matter has

been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

(a) the date of the meeting of the Board (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

(b) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement;

no Award may be granted. Such period will cover any period of delay in the publication of a results announcement.

(i) Grant to Directors

Where any Award is proposed to be granted to a director of any members of the Group, it shall not be granted on any day on which the financial results of the Company are published and during the period of:

(a) 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

(b) 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(j) Grant to Connected Person

Any grant of an Award to any director, chief executive or substantial shareholder of any member of the Group, or any of their respective associates (as defined in the Listing Rules), shall be subject to the prior approval of the independent non-executive directors (excluding the independent non-executive director who is the proposed Grantee of the Awards in question) and shall otherwise be subject to compliance with the requirements of the Listing Rules. Notwithstanding the foregoing, any grant of an Award to a director pursuant to Rule 14A.73(6) of the Listing Rules will be exempted from reporting, announcement and independent Shareholders' approval requirements if the Award forms part of the relevant director's remuneration under his/her service contract.

(k) RSU Scheme Limit

No Award shall be granted pursuant to the RSU Scheme if as a result of such Grant (assumed accepted), the aggregate number of Shares (being in a Board Lot or an integral multiple thereof) (or, where cash is awarded in lieu of Shares, the aggregate number of Shares as are equivalent to the amount of cash so awarded (Share Equivalents)) underlying all grants made pursuant to the RSU Scheme (excluding the Awards that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) will exceed 6.34% of the number of Shares in issue (i.e. a total of 17,976,153 Shares, without taking into account the shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option) on the Listing Date (the "RSU Scheme Limit").

(l) Rights Attached to the Awards

The RSUs do not carry any right to vote at general meetings of the Company. No RSU Participant shall enjoy any of the rights of a Shareholder by virtue of the grant of an Award pursuant to the RSU Scheme, unless and until such Shares underlying the Award are actually issued or transferred (as the case may be) to the RSU Participant upon the vesting of the RSU and the RSU Participant's name has been entered in the register of members of the Company as holder of such Shares. Notwithstanding the foregoing, the voting rights attached to the Shares underlying the Award shall at all times be exercised by the enforcer of the trust to be established for the purposes of administration of this Scheme in accordance with the terms of the relevant trust deed. Unless otherwise specified by the Board in its entire discretion in the Notice of Grant, the RSU Participants do not have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Shares underlying an Award.

(m) Awards to be Personal to the Grantee

An Award shall be personal to the Grantee and the Grantee shall not sell, transfer, assign, charge, mortgage, encumber, hedge or create any interest in favor of any other person over and in relation to the RSUs or any interest or benefits therein, provided that following the Grantee's death, RSUs may be transferred by will or by the laws of testacy and distribution.

The terms of the RSU Scheme and the Notice of Grant shall be binding upon the executors, administrators, heirs, successors and assigns of the Grantee. Subject to the above, no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interests in favour of any third party over or in relation to any RSU. For the purpose of the RSU Scheme, "Family Members" means the Grantee's child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, any person sharing the Grantee's household (other than

a tenant or employee), a trust in which these persons have more than 50% of the beneficial interest, a foundation in which these persons (or the Grantee) control the management of assets, and any other entity in which these persons (or the Grantee) own more than 50% of the voting interests.

(n) Right of Appointment of RSU Trustee

Our Company may appoint a trustee to assist with the administration and vesting of RSUs granted pursuant to the RSU Scheme. Our Company may (i) allot and issue Shares to the trustee to be held by the trustee and which will be used to satisfy the RSUs granted to Participants who are not connected persons of our Company upon exercise and/or (ii) direct and procure the trustee to receive existing Shares from any Shareholder or purchase existing Shares (either on-market or off-market) to satisfy the RSUs granted to any Participants (including connected or non-connected RSU Participants) upon exercise.

(o) Vesting

The Board has the sole discretion to determine the vesting criteria, conditions and the time for any grant of Award(s) to any Grantee, which may also be adjusted and re-determined by the Board from time to time.

If the vesting conditions are not satisfied or waived by the Board, the RSU shall be cancelled automatically on the date on which such conditions are not satisfied, as determined by the Board in its absolute discretion.

(p) Provision of Funds

Where a trustee is appointed to assist with the administration of the RSU, the Company shall procure that sufficient funds are provided to the trustee by whatever means as the Board may in its absolute discretion determine to enable the trustee to satisfy its obligations in connection with the administration of the Scheme.

Upon fulfillment or waiver of the vesting period and vesting conditions (if any) applicable to each of the Grantees, a vesting notice (the "Vesting Notice") will be sent to the Grantee by the Board confirming (a) the extent to which the vesting period and vesting conditions (if any) have been fulfilled or waived and, (b) the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of these Shares) or the amount of cash the Grantee will receive.

The Grantee is required to execute, after receiving the Vesting Notice, certain documents set out in the Vesting Notice that the Board considers necessary (which may include, without limitation, a certification to the Company that he has complied with all the terms and conditions set out in the RSU Scheme and the Notice of Grant). In the event that the Grantee fails to execute the required documents in accordance with the Vesting Notice, the relevant RSU(s) will lapse.

(q) Rights on a Takeover, Scheme of Arrangement or Voluntary Winding-up

In the event of a general offer by way of voluntary offer, takeover, general offer for Shares by way of scheme of arrangement to all the Shareholders, the Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company prior to the vesting date of any RSU or other similar actions as prescribed by the rules of the RSU Scheme (other than by way of scheme of arrangement pursuant to paragraph(s) below) is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), the Board shall, subject to the rules of the RSU Scheme and unless otherwise provided for in the Notice of Grant, determine at its absolute discretion whether such RSU shall vest and the period within which such RSU shall vest. If the Board determines that such RSU shall vest, it shall notify the Grantee that the RSU shall vest and the period within which such RSU shall vest.

(r) Lapse or Cancelation of RSU

An unvested RSU shall be lapsed and cancelled automatically upon the earliest of:

(a) the date of the termination of Grantee's employment or service by the Company or any of its Subsidiaries for Cause or by reasons that the relevant Subsidiary with which the Grantee is employed ceased to be a subsidiary of the Group; or

(b) the date on which the offer (or, as the case may be, revised offer) referred to in paragraph (q) closes; or

(c) the record date for determining entitlements under the scheme of arrangement referred to in paragraph (q); or

(d) the date of the commencement of the winding-up of the Company; or

(e) the date on which the Grantee commits a breach of paragraph (m); or

(f) the date on which it is no longer possible to satisfy any outstanding conditions to vesting.

The Board shall have the right to determine what constitutes Cause, whether the Grantee's employment has been terminated for Cause, the effective date of such termination and whether someone is a Competitor, and such determination by the Board shall be final and conclusive.

If the Grantee's employment or service with the Company or its subsidiaries is terminated for any reason other than for Cause (including by reason of resignation, retirement, death, disability or non-renewal of the employment or service agreement upon its expiration for any reason other than for Cause), the Board shall determine at its absolute discretion and shall notify the Grantee whether any unvested RSU granted to such Grantee shall vest and the period within which such RSU shall vest. If the Board determines that such RSU or any part thereof shall not vest, such RSU shall be cancelled automatically with effect from the date on which the Grantee's employment or service is terminated.

The Board may at any time cancel any unvested RSUs granted to a Grantee subject to consent by the Grantee. Where the Company cancels unvested RSUs and makes a grant of new RSUs to the same Grantee, such Grant may only be made with available RSUs to the extent not yet granted (excluding the cancelled RSUs) within the limits prescribed by paragraph (k) above. Notwithstanding the aforesaid in this paragraph, in each case, the Board may in its absolute discretion decide that any RSU shall not be cancelled or determine subject to such conditions or limitations as the Board may decide.

(s) Reorganization of Capital Structure

In the event of an alteration in the capital structure of the Company whilst any RSU has not vested by way of capitalization of profits or reserves, bonus issue, rights issue, open offer, subdivision or consolidation of shares, reduction of the share capital of the Company or otherwise howsoever in accordance with legal requirements and requirements of the Stock Exchange (other than an issue of Shares as consideration in respect of a transaction to which the Company or the Subsidiary is a party or in connection with any share option, restricted share or other equity incentive schemes of the Group or in the event of any distribution of the Company's capital assets to its shareholders on a pro rata basis (whether in cash or in specie) (other than dividends paid out of the net profits attributable to its shareholders for each financial year of the Company), such corresponding alterations (if any) shall be made to the number or nominal amount of Shares subject to the RSU so far as unvested as the auditors of the Company (the "Auditors") or an approved independent financial adviser shall certify in writing, either generally or as regard any particular Grantee, to have in their opinion, fairly and reasonably satisfied the requirement that such adjustments give a Participant the same proportion (or rights in respect of the same proportion) of the share capital of the Company as that to which that Grantee was previously entitled, but that no such adjustments be made to the extent that a Share would be issued at less than its nominal value. The capacity of the Auditors or the approved independent financial adviser in this

paragraph is that of experts and not of arbitrators and their certification shall, in absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Auditors or the approved independent financial adviser shall be borne by the Company.

(t) Amendment of the RSU Scheme

This RSU Scheme shall be subject to the administration of the Board in accordance with the Scheme Rules. Save for any material amendments to the RSU Scheme, the RSU Scheme may be altered in any respect by a resolution of the Board. The Board's determination as to whether any proposed alteration to the terms and conditions of the RSU Scheme is material shall be conclusive, provided in each case that such decision is made in accordance with the Articles and any applicable laws.

Any alteration to the terms and conditions of the RSU Scheme, which is of a material nature, or any change to the terms of any RSU granted or agreed to be granted must be approved by the Shareholders in general meeting, except where such alterations take effect automatically under the existing terms of the RSU Scheme.

Shareholders of the Company in general meeting must approve any change to the authority of the Board in relation to any alteration to the terms of the RSU Scheme.

(u) Termination of the RSU Scheme

The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the RSU Scheme and in such event no further RSUs will be offered but in all other respects the provisions of the RSU Scheme shall remain in full force and effect in respect of RSUs which are granted during the life of the RSU Scheme and which remain unvested immediately prior to the termination of the operation of the RSU Scheme.

(v) Administration of the RSU Scheme

The RSU Scheme shall be subject to the administration of the Board and the decision of the Board shall be final and binding on all parties. For the purpose of the rules of the RSU Scheme, the "Board" shall be interpreted to include any duly authorized administrator. The Board shall have the right to:

(i) interpret and construe the provisions of the RSU Scheme,

(ii) determine the persons who will be granted Awards under the RSU Scheme, the terms on which Awards are granted and when the RSUs granted pursuant to the RSU Scheme may vest,

(iii) make such appropriate and equitable adjustments to the terms of the Awards granted under the RSU Scheme as it deems necessary,

(iv) appoint one or more independent third party professionals and contractors to assist in the administration of the RSU Scheme and delegate such powers and/or functions relating to the administration of the RSU Scheme as the Board deems appropriate, and

(v) make such other decisions or determinations as it shall deem appropriate in the administration of the RSU Scheme.

(w) General

The maximum number of Shares which may be granted under the RSU Scheme is 17,976,153, representing 6.63% of the number of Shares in issue immediately upon completion of the Global Offering (without taking into account the shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option). As of the Latest Practicable Date, RSUs for an aggregate of 4,538,197 Shares have been granted to certain eligible participants by our Company under the RSU Scheme. Such RSUs will be vested to the grantees after the completion of the Global Offering and according to their respective vest schedule.

The Company will disclose information in accordance with applicable Listing Rules, including particulars of any RSUs granted under the RSU Scheme, including the date of grant, number of Shares involved, the vesting period, the appointment and arrangement with the RSU Trustee where such is required under Chapter 14A of the Listing Rules.

E. OTHER INFORMATION

1. Litigation

As of the Latest Practicable Date, we were not 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 any member of our Group, that would have a material adverse effect on our Group's results of operations or financial condition, taken as a whole.

2. Preliminary expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

3. Estate Duty

Our Directors confirmed that no material liability for estate duty is likely to fall on any member of our Group.

4. Promoter

Our Company has no promoter for the purpose of the Listing Rules. Within the two years preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the Global Offering and the related transactions described in this prospectus.

5. Application for Listing

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue (including the Shares issued pursuant to the conversion of the Preferred Shares) 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 the Shares to be alloted. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

6. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since December 31, 2020 (being the date to which the latest audited financial statements of our Group were made up) up to the date of this prospectus.

7. Agency Fees and Commissions Received

The Underwriters will receive an underwriting commission as referred to in the section headed "Underwriting – Underwriting Arrangements and Expenses – The International Offering – Commissions and Expenses."

8. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this prospectus are as follows:

Name	Qualifications
Morgan Stanley Asia Limited	Licensed corporation under the SFO for 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

China International Capital Corporation Hong Kong Securities Limited	Licensed corporation under the SFO for Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Huatai Financial Holdings (Hong Kong) Limited	Licensed corporation under the SFO for Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO
Ernst & Young	Registered Public Interest Entity Auditor and Certified Public Accountants
AllBright Law Offices	PRC legal advisers
Merits & Tree Law Offices	PRC Legal advisers as to intellectual property law
Campbells	Cayman Islands legal advisers
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultants

9. Consents

Each of the experts named in paragraph headed "8. Qualifications of Experts" above has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or the references to their names included herein in the form and context in which they are respectively included.

10. Joint Sponsors

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors' fees payable by us in respect of each of the Joint Sponsors' services as sponsors for the Listing is US$500,000.

11. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Taxation of Holders of Our Shares

(a) Hong Kong

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the value of the Shares being sold or transferred. Dividends paid on Shares will not be subject to tax in Hong Kong and no tax is imposed in Hong Kong in respect of capital gains. However, profits from dealings in the Shares derived by persons carrying on a business of trading or dealings in securities in Hong Kong arising in or derived from Hong Kong may be subject to Hong Kong profits tax. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after February 11, 2006.

(b) Cayman Islands

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Potential investors in the Global Offering are urged to consult their professional tax advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in our Shares (or exercising rights attached to them). None of us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners or any other person or party involved in the Global Offering accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to our Shares.

13. Miscellaneous

Save as otherwise disclosed in this prospectus:

(i) none of our Directors or experts referred to in the section headed "– D. Other Information – 8. Qualifications of Experts" of this appendix has any direct or indirect interest in the promotion of us, or in any assets which have within the two years immediately preceding the date of this prospectus been 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;

(ii) none of the Directors or experts referred to in the section headed "– D. Other Information – 8. Qualifications of Experts" of this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(iii) save for the Underwriting Agreements, none of the experts referred to under the section headed "– D. Other Information – 8. Qualifications of Experts" of this appendix has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;

(iv) within the two years preceding the date of this prospectus, no share or loan capital of the Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(v) within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group;

(vi) within the two years preceding the date of this prospectus, no commission has been paid or is payable (except commissions to sub-underwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any Shares in the Company;

(vii) neither our Company nor any of our subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;

(viii) our Company has no outstanding convertible debt securities or debentures;

(ix) no capital of the Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(x) there is no arrangement under which future dividends are waived or agreed to be waived;

(xi) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus; and

(xii) no member of our Group is presently listed on any stock exchange or traded on any trading system, and no listing or permission to deal is being or proposed to be sought.

14. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were (i) a copy of the **GREEN** Application Form; (ii) copies of each of the material contracts referred to in the section headed "Appendix IV – Statutory and General Information – B. Further Information about the Business of the Company – 1. Summary of material contracts"; and (iii) the written consents issued by each of the experts and referred to in section headed "Appendix IV – Statutory and General Information – E. Other information – 8. Qualifications of Experts".

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of O'Melveny & Myers at 31/F, AIA Central, 1 Connaught Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum of Association and Articles of Association;

(b) the accountants' report of the Group for the two years ended December 31, 2019 and December 31, 2020 prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;

(c) the audited consolidated financial statements of our Company for the two years ended December 31, 2019 and December 31, 2020;

(d) the report received from Ernst & Young on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;

(e) the PRC legal opinions issued by AllBright Law Offices, our legal advisers on PRC law, in respect of our general matters and property interests;

(f) the letter issued by Campbells, our legal advisers on Cayman Islands laws, summarizing certain aspects of Cayman Companies Law referred to in the section headed "Appendix III – Summary of the Constitution of the Company and Cayman Islands Company Law";

(g) the Cayman Companies Law;

(h) the material contracts referred to in the section headed "Appendix IV – Statutory and General Information – B. Further Information about the Business of the Company – 1. Summary of Material Contracts";

(i) the service agreements and letters of appointment referred to in "Appendix IV – Statutory and General Information – C. Further Information about Directors and Substantial Shareholders – 2. Particulars of Directors' Service Contracts and Letters of Appointment"; and

(j) the written consents referred to in the section headed "Appendix IV – Statutory and General Information – E. Other Information – 9. Consents".


KeyMed Biosciences