SUMMARY

This summary aims to give you an overview of the information contained in this document 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 document. 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 [**REDACTED**] *carefully before making your investment decision.*

There are risks associated with any investment. Some of the particular risks in investing in the [**REDACTED**] *are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to invest in the* [**REDACTED**]. ***In particular, we are a biotechnology company seeking a*** [**REDACTED**] ***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 2014, we are a bio-pharmaceutical company with research and development capabilities and are committed to the development and commercialization of oncology therapies with differentiated clinical profile in response to the trend of treating cancer as a chronic disease. Our core business model is to develop and commercialize oncology products and drug candidates through a combination of co-development, in-licensing and in-house discovery. As of the Latest Practicable Date, we have built a pipeline consisting of one Core Product and 11 drug candidates, among which, the Core Product envafolimab (brand name: ENWEIDA, 恩維達®), as our backbone, was approved in November 2021 and commercialized in December 2021, and seven are in clinical stage. Our Core Product envafolimab is a subcutaneously injectable PD-L1 antibody that has the potential to address an unmet medical need for the treatment of cancer as a chronic disease and it has been approved in China for the treatment of previously treated microsatellite instability-high (MSI-H)/mismatch repair deficiency (dMMR) advanced solid tumors. As of the Latest Practicable Date, our Core Product was approved for this one indication only, the incidence of which in China reached approximately 146,100 in 2021 and is expected to reach approximately 186,000 in 2030. We may face fierce competition from existing products and potential drug candidates in the entire oncology market and the market opportunities in respect of the Core Product may be small as it targets late line treatment for most of its targeted indications.

WE MAY NOT BE ABLE TO SUCCESSFULLY DEVELOP AND/OR MARKET OUR CORE PRODUCT ENVAFOLIMAB FOR INDICATIONS OTHER THAN THE APPROVED INDICATION IN PREVIOUSLY TREATED MSI-H/DMMR ADVANCED SOLID TUMORS.

Our Pipeline

The following chart summarizes the development status of our product, clinical-stage drug candidates and selected pre-clinical stage drug candidates as of the Latest Practicable Date:

Candidate	Target/ Mechanism	Indications/Study Population	Rights	Preclinical Discovery	IND	Phase I	Phase II	Pivotal/Phase III	NDA	Partner
★ Envafolimab*[1]	PD-L1	MSI-H/dMMR advanced cancer (mono, 2L+)	Worldwide	China					BLA approved	Alphamab Group, Simcere Group, (CSO)
		Advanced BTC (combo with chemo vs. chemo, 1L)[†]		China				‡		
		NSCLC (vs standard treatment)		China[a]						
		NSCLC (combo with chidamide, 2L+)		China						
		UC (mono vs. BSC, 1L maintenance, MRCT)		China, EU, Japan[a]						
		G/GEJ advanced cancer (combo with chemo, 1L)		China						
		TMB-H advanced cancer (mono, 2L+)		China						TRACON*** (Sarcoma, Phase II)
		EC (mono and combo with lenvatinib, 2L+)		China						
		NSCLC, HCC, RCC (combo with lenvatinib)		China						
		HCC, CRC, NSCLC (combo with BD0801)		China						
		Microsatellite stable CRC (combo with cetuximab)		China[b]						
3D189[2]	WT1	Multiple indications	Greater China**	China[c]						SELLAS Group
3D229[3]	GAS6/AXL	Healthy Volunteers	Greater China**	China		Completed				Aravive
		NSCLC/RCC/UC		China[b]						
		PROC		China (MRCT)						
3D1001[4]	COX-2	Post-surgical dental pain/cancer pain	China	China						Haihe Biopharma Group
3D1002[5]	EP-4	Cancer pain/osteoarthritis		China[b]						
3D185[6]	FGFR1/2/3	Locally advanced or metastatic solid tumors	Worldwide	China/US						Haihe Biopharma Group & SIMM
◆ 3D011	TKI prodrug	Advanced malignant solid tumors	Worldwide	China						-
3D197[7]	CD47	Multiple indications	Greater China**	China						ImmuneOncia
3D057[8]	CD3+PD-L1	Multiple indications	Greater China** + Worldwide Priority Transfer right	China[d]						Y-Biologics
3D059[9]	WT1	Multiple indications	Greater China**	China[d]						SELLAS Group
◆ 3D060	Sema4D	Multiple indications	Worldwide	China/US[d]						-
◆ 3D062	KRAS	Multiple indications	Worldwide	China/US[d]						-

★ Co-owned Asset ◆ Proprietary Asset ⚑ Pivotal Trial

* Denotes our Core Product

** Greater China includes China, Hong Kong, Macau and Taiwan region.

*** TRACON is a licensee of envafolimab for the U.S., Canada and Mexico.

[a] Preparing for Phase III clinical trial

[b] Preparing for Phase II clinical trial

[c] Preparing for IND filing

[d] Pre-clinical stage

Abbreviations: MSI-H/dMMR = microsatellite instability-high/mismatch repair deficiency; BTC = biliary tract cancer; NSCLC = non-small cell lung cancer; UC = urothelial cancer; BSC = best supportive care; MRCT = multi-regional clinical trial; G/GEJ = gastric or gastroesophageal junction; TMB-H = tumor mutational burden-High; EC = endometrial cancer; HCC = hepatocellular carcinoma; RCC = renal cell carcinoma; CRC = colorectal cancer; PROC = platinum resistant ovarian cancer; IND = investigational new drug application; BLA = biologics license application; 1L = first-line; 2L+ = second-line or later

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Notes:

(1) We maintain the rights to develop envafolimab globally in oncology field through our co-development agreement with Alphamab Group. On December 17, 2020, the NMPA accepted the BLA for envafolimab for previously treated MSI-H/dMMR advanced solid tumors, and our BLA was granted priority review. On November 24, 2021, we received BLA approval for envafolimab for the treatment of previously treated MSI-H/dMMR advanced solid tumors. On January 16, 2020, the U.S. Food and Drug Administration (FDA) granted envafolimab with orphan drug designation for the treatment of advanced BTC. On June 28, 2021, the FDA granted envafolimab with orphan drug designation for the treatment of soft tissue sarcoma. The commencement of each of the clinical trials for the treatment of previously treated MSI-H/dMMR advanced solid tumors, advanced BTC and G/GEJ cancer were based on the initial safety and efficacy data across multiple dose levels from the three then-ongoing Phase I clinical trials in advanced solid tumors in China, the U.S., and Japan.

(2) We own the exclusive rights to develop, manufacture and commercialize 3D189 in China, Hong Kong, Macau and Taiwan region for all therapeutic and other diagnostic uses through our exclusive license agreement with SELLAS Group. We obtained the IND approval for 3D189 in China in March 2022 and we plan to join the multi-regional clinical trial (MRCT) with our partner SELLAS Group. 3D189 has been granted fast track and orphan drug designations by the FDA for the treatment of AML.

(3) We own the exclusive rights to develop, manufacture and commercialize products that contain 3D229 as the sole drug substance, for the diagnosis, treatment or prevention of human oncological diseases, in China, Hong Kong, Macau and Taiwan region through our collaboration and license agreement with Aravive. Stanford licensed the technology that is used by Aravive to develop 3D229 and Aravive licensed 3D229 to us. We completed the Phase I clinical trial in healthy volunteers in China in May 2022. In addition, we received the IND approval for 3D229 for a Phase III clinical trial in patients with PROC in China in July 2021 to participate in the MRCT, and we initiated this Phase III clinical trial in China in February 2022.

(4) We own the exclusive rights to develop, manufacture and commercialize 3D1001 in China in the pain indication field through our license agreement with Haihe Biopharma Group.

(5) We own the exclusive rights to develop, manufacture and commercialize 3D1002 in China in the pain indication field through our license agreement with Haihe Biopharma Group.

(6) We own the exclusive rights to develop, manufacture and commercialize 3D185 globally in the oncology and pulmonary fibrosis treatment through our patent license agreements with Haihe Biopharma and Shanghai Institute of Materia Medica, Chinese Academy of Sciences.

(7) We own the exclusive rights to develop, manufacture and commercialize 3D197 in China, Hong Kong, Macau and Taiwan region in respect of oncology indications through our exclusive license agreement with ImmuneOncia.

(8) We own the exclusive rights to develop, manufacture and commercialize 3D057 in China, Hong Kong, Macau and Taiwan region for all therapeutic areas through our license agreement with Y-Biologics.

(9) We own the exclusive rights to develop and commercialize 3D059 in China, Hong Kong, Macau and Taiwan region for all therapeutic and other diagnostic uses through our exclusive license agreement with SELLAS Group. MSK licensed certain know-how relating to 3D059 to SELLAS, which in turn sub-licensed the same to us.

† The study included an interim analysis after the first 100 patients were enrolled (considered to be equivalent to a Phase II clinical trial) in the pivotal Phase III clinical trial for the treatment of advanced BTC, which has been designed with reference to the sufficient regulatory basis as described below. As advised by our PRC Legal Advisers, according to the Technical Guiding Principles of Clinical Trials of Anti-tumor Drugs (抗腫瘤藥物臨床試驗技術指導) effective as of May 15, 2012, the clinical studies of anti-tumor drugs are generally divided into phase I, phase II and phase III clinical trials. The primary objectives of a phase I clinical trial include the preliminary studies of the tolerability and pharmacokinetics profile of the drugs, which provides data support to the dosage regimen design of subsequent studies. A phase II clinical trial is typically an exploratory study, such as the exploration of administration dosage, the exploration of dosage regimen and the exploration of efficacy, and includes the observation of safety. A phase III clinical trial further confirms the benefits for cancer patients on top of the results of the phase II clinical trial, and provide adequate evidence for obtaining marketing approval. However, the phases of the aforementioned clinical studies are not necessarily fixed. For instance, an exploratory study (i.e. phase II clinical trial) may also be a part of a phase III clinical trial. Specifically, a phase III clinical trial requires to generate efficacy data of clinical benefit and the duration of the phase III trial is relatively long. Therefore, a phase III clinical trial may include an element of exploratory research allowing the adjustments of its the clinical trial protocol or conduct pursuant to the interim analysis and accumulated information. In the field of oncology clinical research, the objectives of a traditional phase II study are increasingly commonly achieved through an expanded Phase I study design or by introducing an interim analysis in the phase III study. This approach has enabled a more efficient clinical development of oncology drugs in recent years.

Our Core Product and Other Drug Candidates

Envafolimab – Our Core Product

Our envafolimab (brand name: ENWEIDA, 恩維達®) is a subcutaneously-injectable PD-L1 inhibitor for the treatment of tumor-agnostic indications, and it has been approved in China for the treatment of previously treated MSI-H/dMMR advanced solid tumors. Envafolimab is a fusion protein of single domain PD-L1 antibody and we are solely responsible for, and are conducting its clinical development in the oncology field. Envafolimab was in pre-clinical stage when the Co-Development Agreements were first entered into between the Company and Alphamab Group in February 2016. Since then, we have independently completed and been independently conducting a number of clinical trials in relation to envafolimab and achieved a number of major R&D milestones on our own and at our own cost, which amounted to approximately RMB614.9 million as of May 31, 2022, and we have significantly increased our R&D team to 151 members as of the Latest Practicable Date. On November 24, 2021, we received BLA approval for this indication from the NMPA. In addition, envafolimab has undergone an exploratory Phase II clinical trial in China in advanced gastric or gastroesophageal junction (G/GEJ) cancer, and is currently being evaluated in two ongoing pivotal clinical trials including a Phase III clinical trial in patients with advanced biliary tract carcinoma (BTC) in China, and a Phase II clinical trial in selected types of advanced sarcoma (SC) in the U.S. sponsored by our partner TRACON. On January 16, 2020, the U.S. Food and Drug Administration (FDA) granted envafolimab with orphan drug designation for the treatment of advanced BTC. On June 28, 2021, the FDA granted envafolimab with orphan drug designation for the treatment of soft tissue sarcoma. For more details, please refer to the paragraphs headed "Business – Our Core Product and Other Drug Candidates – 1. Our Core Product – a. Envafolimab" in this document.

Our Other Drug Candidates

- **3D189**: Our 3D189 is a peptide cancer vaccine with potential to create synergies in combination with PD-1/PD-L1 therapies including with our envafolimab.

- **3D229**: Our 3D229 is a high-affinity, soluble Fc-fusion protein designed to bind Growth Arrest Specific 6 (GAS6), intercept the binding of GAS6 to its receptor AXL and block the activation of the GAS6-AXL signaling pathway.

- **3D011**: Our 3D011 is an in-house discovered tyrosine kinase inhibitor (TKI) prodrug that will be developed as monotherapy and in combination with other agents for the treatment of solid tumors.

- **3D185**: Our 3D185 is a fibroblast growth factor receptors (FGFR) 1-3 and colony stimulating factor 1 receptor (CSF1R) inhibitor that is expected to both inhibit tumor cells and remodel the tumor microenvironment to synergistically antagonize tumors and delay the development of resistance to FGFR inhibitors alone.

- **3D1001**: Our 3D1001 is a third-generation cyclooxygenase-2 (COX-2) inhibitor with rapid onset of action and prolonged pain relief to patients with post-surgical dental pain in clinical study attributable to a favorable PK profile.

- **3D1002**: Our 3D1002 is an E-type prostanoid receptor 4 (EP4) inhibitor that has the potential for improved safety profile compared to COX1/2 inhibitors.

- **3D197**: Our 3D197 is a next-generation fully human anti-CD47 IgG4 monoclonal antibody with potentially better safety profile that is expected to treat hematological malignancies and solid tumors.

- **Our Pre-Clinical Stage Drug Candidates**: In addition to our clinical-stage drug candidates, we are also evaluating a number of promising pre-clinical stage drug candidates in our rich pipeline, including, (a) 3D057, our bispecific antibody drug which targets CD3 receptor of T-cells and PD-L1 of tumor cells, (b) 3D059, our next-generation immunotherapeutic which targets the WT1 protein in hematological malignancies and solid tumors, (c) 3D060, our in-house developed monoclonal antibody which targets Semaphorin 4D (Sema4D) of tumor cells, and (d) 3D062, our in-house developed small molecule for patients with KRAS mutation.

Please refer to the paragraphs headed "Business – Our Core Product and Other Drug Candidates" in this Document.

Our Business Model

Focusing on the trend of treating cancer as a chronic disease, we have strategically carried out a forward-looking plan for our product and drug candidate pipeline. We have built a pipeline consisting of one Core Product and 11 drug candidates, including a fully validated immuno-oncology monotherapy, innovative drug candidates with mechanisms of action amenable to combination within the pipeline, and pain management assets. Among our product and drug candidates, the Core Product envafolimab, as our backbone, was approved in November 2021 and commercialized in December 2021, and seven are in clinical stage. Three of these product and clinical-stage drug candidates have entered into Phase II/III pivotal trials, two of which are conducted by our collaboration partners.

We are quite focused on and have contributed to the development of immuno-oncology therapies. Employing a combination approach, immuno-oncology therapies have improved therapeutic efficacy and life expectancy of patients with a variety of cancer types and have stood out as particularly influential in recent years. Envafolimab can be used in combination with other treatments, including chemotherapy, targeted therapies, and other immunotherapies, which would potentially benefit more patients. Other drug candidates in our pipeline have promising potential to synergize with envafolimab through varied complementary mechanism of actions.

We are led by an experienced management team with a proven track record of leadership responsibilities and successful performance at international drug regulatory agencies, global pharmaceutical and biotech companies. Our management team has an average of over 20 years of industry and regulatory experience at global organizations such as the FDA, Bristol Myers Squibb (BMS), AstraZeneca and Celgene. Our founder, CEO and Chairman, Dr. Gong, has more than 30 years of global industry and academic experience leading and participating in the entire process of new drug development at regulatory agency, various pharmaceutical and biotech companies, and institutions. Led by our management team and supported by our full team with strong execution capabilities, we have adopted a highly systematic approach to the process of screening, identifying, evaluating and developing drug candidates that enhances our comprehensive portfolio for chronic cancer treatment. Our pre-clinical and clinical teams work collaboratively to ensure a seamless transition from discovery to clinical development. We apply efficient clinical study design and disciplined trial execution to achieve shortened timeline in a more cost-effective manner.

We plan to continue to accelerate the development and commercialization of our pipeline products, and further promote our comprehensive competitive capabilities. We have been establishing our internal manufacture capability and sales force, and further enhancing our in-house innovative R&D capability. We believe that these efforts will allow us to reinforce our position in innovative pharmaceutic industry. Our continuous R&D commitments will enhance our competitive advantages in the race to discover, develop and commercialize innovative cancer therapies and help us create and capture more opportunities in the chronic cancer market.

Addressable Markets and Competitive Landscape

The Competitive Landscape for Our Core Product and Other Drug Candidates

According to Frost and Sullivan, at present, several major options are available for oncology therapy, including surgery, radiotherapy, chemotherapy, small molecule drugs and biologics. Though we specialize in developing biologics drugs, we face fierce competition from existing products and potential drug candidates throughout the entire oncology market that target the same indications as our Core Product and other drug candidates. Our competitors include pharmaceutical and biotechnology companies, academic institutions, government agencies and other public and private research organizations that conduct research on competitive drugs and therapies to our drug candidates worldwide. Many of them have significantly greater financial, technical and human resources capabilities than we do, enabling them to develop and commercialize drugs as well as obtain approval from regulatory authorities faster and more effectively, reducing or eliminating our commercial opportunity. Moreover, mergers and acquisitions, as well as collaborative arrangements among pharmaceutical companies make the competition even fiercer for us in every major aspect of our operation, from talent recruitment to clinical trial matters. For more details, please refer to the paragraphs headed "Risk Factors – Key Risks Relating to Our Business, Business

Operations, Intellectual Property Rights and Financial Prospects – We face substantial competition in the entire oncology market and our competitors may discover, develop or commercialize competing drugs faster or more successfully than we do" in this document.

As our Core Product envafolimab targets late line treatment, i.e., second line or later stage of treatment, for most of its targeted indications, its market opportunities may be small as it is limited to those patients who have failed prior treatments. In addition, it was only approved for previously treated MSI-H/dMMR advanced cancer patients, which may limit its market opportunity. However, the indications that envafolimab targets are not limited by tumor types, i.e., tissue-agnostic, and its applicable patient population could be broadened when more patients are tested for MSI-H/dMMR status. For more details, please refer to the paragraphs headed "Risk Factors – Key Risk Relating to Our Business, Business Operations, Intellectual Property Rights and Financial Prospects – The market opportunities for our Core Product may be small as it mainly targets late line treatment for most of its targeted indications and is limited to those patients who have failed prior treatments." Our Core Product face competition from a number of marketed competitive products globally and in China, including nivolumab, pembrolizumab and dostarlimab. Despite the approvals of the former drugs in the U.S. by the FDA, envafolimab nevertheless remains the only PD-1/PD-L1 antibody approved in previously treated MSI-H/dMMR advanced solid tumors in China. For more details, please refer to the paragraphs headed "Industry Overview – Competitive Landscape of PD-1/PD-L1 Inhibitors Globally and in China".

Competitive Landscape of Our Core Product Associated with Subcutaneous Injection

Our Core Product envafolimab is a subcutaneously-injectable PD-L1 inhibitor for the treatment of tumor-agnostic indications. Compared with other competitive products, our Core Product adopts subcutaneous injection rather than intravenous injection.

The following table sets out a comparison of between intravenous injection and subcutaneous injection:

○ Low ● High	Intravenous Injection	Subcutaneous Injection
Location	Vein	Subcutaneous tissue
Administration Angle	25°	45° or 90°
Capacity for Osmolarity	1,000 mOsm /kg	600 mOsm /kg
Injection Time	◕	◔
Absorption Speed	◕	◔
Aseptic Conditions & Medical Staff Requirement	◕	◔
Suitable Scenarios	• Emergency situations or situations that require immediate releases of drug effect • High concentration and large amount administrations • Continuous medication deliveries	• Drug deliveries that need slow release and long work time • Situations where patients need to periodically use a drug for a long term and the convenience of injection is important

Source: Patient Prefer Adherence. 2015; 9: 923–942., The Patient, 8 (2). pp. 145-153., Frost & Sullivan analysis

- *Administration capacity*. Solutions with higher osmolarity can be injected through intravenous injection with an upper limit of 1,000 mOsm/kg, compared to an upper limit of 600 mOsm/kg for subcutaneous injection.

- *Efficiency*. Currently, drugs can be injected subcutaneously for only several minutes, while intravenous injection takes up to hours. Compared to intravenous injection, subcutaneous injection could bring great convenience to patients. Alternatively, drugs can be delivered at a uniform rate using intravenous injection.

- *Absorption speed*. Intravenous injection can enable drugs to access the entire body and release in a short period of time, rendering it to be more efficient in life-threatening situations. Comparatively, subcutaneous injection is not suitable for emergency needs but is especially widely used in drug delivery systems that need the feature of slow-release and long work time, such as the injection of long-acting insulin.

- *Cost & Coverage*. Intravenous injection imposes strict requirements on the aseptic conditions and the professional capabilities of the medical staff, making it comparatively more costly for patients and harder to adopt. Subcutaneous injection can cover more patients for its cheaper cost and lighter requirements on the aseptic conditions as it poses relatively fewer risks.

In contrast to all of the marketed PD-1/PD-L1 inhibitors that are required to be administered intravenously, our subcutaneously-injectable envafolimab offers advantages in better patient compliance with increased convenience, wider patient coverage, and cost-effectiveness.

- *Better patient compliance with increased convenience*. Subcutaneous injection brings convenience to patients and is therefore preferred. According to Roche, its Herceptin Hylecta is a ready-to-use formulation that can be administered in two to five minutes through subcutaneous injection, compared to 30 to 90 minutes for intravenous Herceptin. Similarly, our Core Product can usually be delivered within 30 seconds in 0.75ml (150mg), compared with at least 30-minute's delivery for drugs targeting the same indications through intravenous injection. In Roche's PrefHer study, it is found that the majority (86%) of people preferred Herceptin Hylecta over intravenous Herceptin. For cancer patients who need to receive long-term treatments, the accumulated saved time using the subcutaneous route of injection makes it much more appealing than the intravenous injection method.

- *Wider patient coverage*. Subcutaneous injection can cover more patients in terms of oncology drug treatments. According to Journal of Infusion Nursing and Annals of Emergency Medicine, and Anticancer Research. 2014, 34: 1579-1586, peripheral intravenous injection is associated with an overall failure rate of 35-50% and approximately 10% of cancer patients may be unsuitable for intravenous administration. Meanwhile, oncology drugs are often given in non-life-threatening situations so that fast absorption of drugs is not always necessary, rendering subcutaneous injection suitable for almost all cancer patients. Our subcutaneously-injectable Core Product has low incidence rate of injection site reaction, and could be applied in broader scenarios for patients, as well as used for ambulatory treatment and self-administration, catering to the particular needs of certain patients.

- *More cost-effective*. Subcutaneous injection helps cut down expenses. According to British Journal of Cancer, derived costs for healthcare providers' time and consumables per intravenous treatment were £132.05 and £12.92, respectively, compared with £31.99 and £1.17 per subcutaneous treatment, respectively, resulting in a total difference of £111.81 between two formulations per treatment. According to a study comparing subcutaneous and intravenous formulation of trastuzumab, published on European Journal of Obstetrics & Gynecology and Reproductive Biology, the administration of trastuzumab subcutaneous was translated in a cost saving of €212.93 ($231.73) per patient episode compared to trastuzumab IV, which could lead to a total potential saving of €3,832.74 ($4,171.06) over a full course of treatment (18 cycles).

The following tables set out the lists of approved and clinical-stage PD-1/PD-L1 mAbs indicated for the treatment of MSI-H/dMMR in China:

Competitive Landscape for Approved PD-1/PD-L1 mAbs Indicated for the Treatment of MSI-H/dMMR in China

Drugs	Drug Type	Company	Indications	Injection Method	Marketed/ First Posted Date	NRDL	Price (RMB)	Dosage	Annual Cost (Thousand RMB)
Envafolimab/ KN035	**PD-L1 mAb**	**3DMed/ Alphamab**	**Unresectable or metastatic MSI-H/dMMR solid tumors**	**Subcutaneous**	**2021-11-24**	**-**	**200mg/ml 1ml: 5,980.0**	**150mg/ week**	**311.0(1)**
Pembrolizumab	PD-1 mAb	MSD	Unresectable or metastatic MSI-H/dMMR colorectal cancer	Intravenous	2021-06-15	-	100mg/4ml 4ml: 17,918.0	200mg/ 3 weeks	621.2
Tislelizumab/ BGB-A317	PD-1 mAb	Beigene	Unresectable or metastatic MSI-H/dMMR solid tumors	Intravenous	2022-03-11	2022 NRDL: Class B	100mg/10ml 10ml: 1,450	200mg/ 3 weeks	50.3
Serplulimab/ HLX-10	PD-1 mAb	Shanghai Henlius Biotech	Unresectable or metastatic MSI-H/dMMR solid tumors	Intravenous	2022-03-22	-	100mg/10ml 10ml: 5,588	3mg/kg/ 2 weeks	283.3

Notes: As of the Latest Practicable Date.

The annual cost is calculated based on the assumptions that each patient weighs 65kg and the annual medication time is 52 weeks.

(1) Assuming that each patient use one 1-ml sized KN035 per week.

Source: NMPA, Annual Reports of Listed Pharmaceutical Companies, Company Official Websites, NRDL, Frost & Sullivan

Competitive Landscape for Clinical-Stage PD-1/PD-L1 mAbs Indicated for the Treatment of MSI-H/dMMR in China

Drugs	Drug Type	Company	Indications	Injection Method	Clinical Stage	Location	First Posted Date
HX008/ Pucotenlimab	PD-1 mAb	Akeso Biopharma, HanX Bio, Lepu Biopharma	Locally advanced or metastatic gastric adenocarcinoma; MSI-H/dMMR solid tumor	Intravenous	NDA	China	2021-10-26
Nivolumab	PD-1 mAb	BMS	Unresectable or metastatic dMMR/MSI-H CRC	Intravenous	Phase III	MRCT	2020-06-23
					Phase II	China	2019-12-18
Pembrolizumab	PD-1 mAb	MSD	MSI-H/dMMR solid tumors	Intravenous	Phase III	China	2022-02-11
AK-104/ Cadonilimab	PD-1 bi-specific Ab	Akeso, Inc	Locally advanced unresectable or metastatic MSI-H/dMMR	Intravenous	Phase II	China	2020-02-25
QL1604	PD-1 mAb	Qilu Pharmaceutical	Advanced dMMR/MSI-H solid tumor	Intravenous	Phase II	China	2020-05-22
RB-0004	PD-1 mAb	Reyoung (Suzhou) Biopharmaceuticals	MSI-H/dMMR solid tumors; TMB-H solid tumors; lymphomas	Intravenous	Phase I	China	2020-12-18

Note: As of the Latest Practicable Date.

Source: CDE, Annual Reports of Listed Pharmaceutical Companies, Company Official Websites, NRDL, Frost & Sullivan

For more details, please refer to the paragraphs headed "Industry Overview – Oncology Drug Market – Future Trends of Oncology Drug Market – Managing Cancer as a Chronic Disease", "Industry Overview – Major Cancer Types and Indications – PD-1/PD-L1 Monoclonal Antibodies – Major Indications for PD-1/PD-L1 Inhibitors – MSI-H/dMMR" and "Business – Our Strengths – A major market player in the treatment of cancer as a chronic disease" in this document.

Our Commercialization Strategy

We plan to accelerate the commercialization progress of our Core Product with combining efforts through a physician-targeted marketing strategy by interacting with physicians directly and hosting academic-oriented marketing events to educate them, so as to achieve hospital entrance for our Core Product. We also plan to work on getting the Core Product into the NRDL and other relevant catalogues and win recognition from third-party payers to reduce the cost for patients using it. For more details, please refer to the paragraphs headed "Business – Commercialization".

Our Research and Development

Our management team has a global vision and extensive industry experience at global organizations including the FDA and global pharmaceutical companies, and has led us to build capabilities from discovery to commercialization with proven track record.

Our R&D platform has strong molecule screening and design capabilities that increase the possibility of success of moving molecules from pre-clinical studies to market, enable innovative therapeutic approaches and support rich pipeline assets built around key pathways and targets. Our R&D centers in Shanghai and Beijing include large and small molecule platforms, complete cell line screening platforms, high-throughput compound screening platforms and comprehensive animal models.

We believe that R&D is key to maintaining competitiveness in our industry. We have built a platform to enable our R&D in the areas of chronic cancer treatment. Leveraging our proprietary R&D platform, 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. Our drug discovery and translational research function is led by Dr. Yihui Lin, our Head of Translational Medicine Center, who holds a Ph.D. from the Center for Excellence in Molecular Cell Science of Chinese Academy of Sciences.

We employ a clinical-demand-oriented and market-driven approach to our clinical research and development efforts. Our clinical development team is composed of scientists and physicians with years of experience in drug development. Our clinical development team carefully customizes clinical development plan for each of our candidate drugs by taking into consideration of unmet medical needs, scientific rationale, and probability of technical and regulatory success, competition, commercial assessment, expert feedback, timeline and cost. Our clinical development team is led by Dr. Dongfang Liu, who holds a Ph.D degree from Massachusetts Institute of Technology, a master's degree in pharmaceutical sciences from the University of Toledo, and a bachelor's degree in clinical medicine from Peking University School of Medicine (formerly Beijing Medical University).

Our Commercialization

We have been establishing our sales and marketing department dedicated to the commercialization of our pipeline products. As we already received BLA approval for the treatment of previously treated MSI-H/dMMR advanced solid tumors on November 24, 2021, we have been building our qualified and capable sales and marketing department in place with rich experience in the commercialization of oncology treatment, and to be mainly responsible for product positioning, market strategy, promotional activity planning and patient assistance. As of the Latest Practicable Date, the leadership team of sales and marketing department was in place.

We provide our envafolimab to end-users through our collaborations with Simcere Group, and through distributors. As we commercially launched envafolimab in China only after we received BLA approval for envafolimab for the treatment of previously treated MSI-H/dMMR advanced solid tumors in November 2021, we primarily cooperated with Simcere Group with respect to the sales of envafolimab during the Track Record Period and up to the Latest Practicable Date. In addition, we cooperated with distributors who purchase envafolimab from us and resell to their customers, such as certain hospitals and pharmacies, during the Track Record Period and up to the Latest Practicable Date. For more details, please refer to the paragraphs headed "Business – Commercialization."

Our Manufacturing

During the Track Record Period and as of the Latest Practicable Date, Alphamab Group manufactured and supplied envafolimab to us pursuant to our collaboration with Alphamab Group. For details of the arrangements with Alphamab Group in connection with the manufacturing of envafolimab, please refer to the paragraph headed "Our Research and Development – Collaboration Agreements – Collaboration with Alphamab Group for Envafolimab". In addition, we have been establishing our in-house manufacturing capability in Xuzhou, Jiangsu Province and work with qualified CMOs to manufacture and test drug candidates for pre-clinical and clinical supply. In the near future, we plan to continue outsourcing the manufacturing of our product and drug candidates, including commercial-scale manufacturing of our approved drugs, to qualified CMOs/CDMOs.

We have been building our in-house production facilities in Xuzhou, Jiangsu province, with current Good Manufacturing Practice (cGMP) compliant manufacturing system and facilities throughout the drug development process, including chemical drugs and biologics, to meet stringent global standards. In anticipation of large needs of our drugs upon commercialization, we purchased the use right to land in Xuzhou with an aggregate area of 65,637.97 square meters. We have obtained the construction permit and started construction of new manufacturing facilities in Xuzhou. We expect to complete building the facilities and commence operation by 2024. As of the Latest Practicable Date, our manufacturing facilities in Xuzhou did not have production capacity as we are still in the process of construction. We

expect that their total production capacity will reach 6,000 L (3x2,000 L) by 2024 and we also plan to further expand the production capacity in the later stage, which will be sufficient to meet commercial manufacturing needs of all our pipeline products in the foreseeable future.

OUR STRENGTHS

We believe that the following core competitive strengths form the foundation of our past success and will continue to help us solidify and enhance our position in a rapidly-growing chronic cancer treatment market: (i) a major market player in the treatment of cancer as a chronic disease; (ii) a multi-mechanism and highly synergetic pipeline of innovative drugs; (iii) successful exploration of innovative oncology therapies with resources consolidation, business development, clinical development and registration capabilities; (iv) full research and clinical development capabilities with proven track record from discovery to NDA stage; and (v) internationally skilled management and R&D team.

OUR STRATEGIES

We are committed to the discovery, development, and commercialization of safe and effective innovative drugs for chronic cancer treatment, and will further strengthen our position in this market by implementing the following strategies: (i) further expand the commercial potential of envafolimab and explore market opportunities; (ii) accelerate the product development to commercialization and further enrich our pipeline; (iii) further enhance our in-house innovative R&D capability; (iv) further establish GMP manufacturing capability and strengthen commercialization capability; and (v) continue to attract, cultivate and retain talents.

COLLABORATION AGREEMENTS

Collaboration with Alphamab Group for Envafolimab

In February 2016, we entered into a co-development agreement, as amended, with Alphamab Group for envafolimab (collectively with the subsequent amendments and supplemental agreements thereto, the "**Co-Development Agreements**").

Under the Co-Development Agreements, we agreed to co-own the patent rights under a PCT application and its multiple national phase applications (including the ones in China and the U.S.) covering the molecule of envafolimab with Alphamab Group (the "**Patent Rights**"). Under the Co-Development Agreements, we are responsible for, among other things, designing, conducting and monitoring clinical trials, reviewing registration filings, and conducting commercialization of envafolimab globally at our own cost, while Alphamab Group is responsible for, among other things, completing CMC studies and pre-clinical studies and manufacturing envafolimab samples for clinical trials at its own cost. We are entitled to obtain the new drug certificate and have exclusive commercialization rights for envafolimab worldwide.

Alphamab Group is entitled to apply for and obtain the GMP certificate to manufacture envafolimab, and is obligated to manufacture and supply envafolimab to us. During the clinical stage, Alphamab Group is obligated to supply envafolimab drug samples for free. After envafolimab enters into the commercialization stage, Alphamab Group will supply envafolimab to us on a cost-plus basis.

The Co-Development Agreements can be terminated in the following situations: (i) if a contracting party breaches the agreements, (ii) if the obligations under the Co-Development Agreements cannot be performed due to force majeure, or (iii) if a party fails to perform its obligations related to the intellectual property rights. For further details on the Co-Development Agreements, please refer to the paragraph headed "Business – Collaboration Agreements – Collaboration with Alphamab Group for Envafolimab."

Collaboration with Alphamab Group and TRACON for Envafolimab

In December 2019, we, Alphamab Group and TRACON entered into a collaboration and clinical trial agreement (the "**3D Alphamab TRACON Agreement**") for the development of envafolimab for the treatment of sarcoma in the U.S., Canada, Mexico and each of their dependent territories (the "**TRACON Territory**").

Pursuant to the 3D Alphamab TRACON Agreement, TRACON was granted an exclusive and non-transferable license to develop and commercialize envafolimab for the treatment of sarcoma in the TRACON Territory.

TRACON will be responsible for commercializing envafolimab for sarcoma in the TRACON Territory, including booking of sales revenue, unless (a) envafolimab is first approved in the TRACON Territory for an indication other than sarcoma and launched in the TRACON Territory, or (b) envafolimab is first approved in the TRACON Territory for sarcoma and subsequently approved in the TRACON Territory for an additional non-orphan indication and sold commercially by us and/or Alphamab Group, or licensee, in which case we and Alphamab Group will be responsible for commercializing envafolimab for sarcoma in the TRACON Territory, including booking of sales revenue.

For further details on the 3D Alphamab TRACON Agreement, please refer to the paragraph headed "Business – Collaboration Agreements – Collaboration with Alphamab and TRACON for Envafolimab."

Collaboration with Alphamab Group and Simcere Group for Envafolimab

In March 2020, we entered into a tripartite collaboration agreement with Alphamab Group and Simcere Group, together with a separate marketing and promotion agreement with Simcere Group in respect of envafolimab (the "**Promotion Agreement**" and collectively, the "**3D Alphamab Simcere Agreements**").

Under the 3D Alphamab Simcere Agreements, Simcere Group was granted an exclusive promotion right and the rights of first refusal for inlicenses or transfers of envafolimab in respect of oncology indications in China, subject to the terms and conditions of the 3D Alphamab Simcere Agreements. To facilitate sales and marketing and in line of with general practice in the industry, Simcere is entitled to decide on general matters with respect to the routine and day-to-day marketing of envafolimab in China but is not entitled to make any final decisions on specific matters that affect the commercial success of envafolimab such as its initial pricing and availability to centralized procurement or volume purchase catalogue.

For further details on the 3D Alphamab Simcere Agreements, please refer to the paragraph headed "Business – Collaboration Agreements – Collaboration with Alphamab Group and Simcere Group for Envafolimab."

Other Collaboration Agreements

For further details on our other Collaboration Agreements, please refer to the paragraphs headed "Business – Collaboration Agreements."

INTELLECTUAL PROPERTY

We have an extensive portfolio of patents to protect our product, drug candidates and technologies. As of the Latest Practicable Date, we owned (including co-owned) (i) ten granted patents in China, (ii) 14 granted patents in other jurisdictions, and (iii) 20 pending patent applications, including five Chinese patent applications, one U.S. patent application and 14 patent applications in other jurisdictions, relating to certain of our product, drug candidates and technologies. Specifically, in relation to our Core Product, envafolimab, as of the Latest Practicable Date, we co-owned with Alphamab Group one granted Chinese patent, nine granted patents and ten patent applications in other jurisdictions.

Certain of our collaboration partners or their sub-licensors are responsible for or have the first right to prosecute, maintain and/or enforce the certain patents relevant to our product, drug candidates and technologies. For example, we and Alphamab Group are jointly responsible for the prosecution and maintenance of the patents we co-own. Further, with respect to any patents and/or patent applications in-licensed from Alphamab Group to us, Alphamab Group as the patentee is legally responsible for the prosecution, maintenance and enforcement of such licensed patents and/or patent applications according to patent laws and regulations. If we or any of our collaboration partners or sub-licensors fail to obtain or maintain patent protection, 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 product and drug candidates in the worst case scenario. For details, please refer to the paragraphs headed "Risk Factors – Other Risks Relating to Our Business – Risks Relating to Our Intellectual Property Rights."

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. Our Directors confirm that we were not aware of any instances of infringement of any third parties' intellectual property rights by us during the Track Record Period and up to the Latest Practicable Date. For details of relevant risks, please refer to the paragraphs headed "Risk Factors – Other Risks Relating to Our Business – Risks Relating to Our Intellectual Property Rights."

CUSTOMERS

We commercially launched envafolimab in China only after we received BLA approval for envafolimab for the treatment of previously treated MSI-H/dMMR advanced solid tumors in November 2021, and started to generate revenue from the sales of envafolimab to pharmacy stores, which we consider as our customers. As of the Latest Practicable Date, our customers covered 30 provinces and municipalities in China.

As of the Latest Practicable Date, we had just started the commercialization of envafolimab, and we had marketed envafolimab during the Track Record Period to our customers through our cooperation with Simcere Group, and through our distributors. For details of the arrangements with Simcere Group and our distributor in connection with the commercialization of envafolimab, please refer to the paragraph headed "Commercialization – Our Sales Operations" and "Our Research and Development – Collaboration Agreements – Collaboration with Alphamab Group and Simcere Group for Envafolimab". Our five largest customers in 2021 and for the five months ended May 31, 2022 are China-based pharmaceutical companies. The revenue generated from our five largest customers in 2021 and for the five months ended May 31, 2022 was RMB14.6 million and RMB44.0 million, respectively, which accounted for 24.2% and 27.3% of our total revenue in 2021 and for the five months ended May 31, 2022, respectively. The revenue generated from our largest customer in 2021 and for the five months ended May 31, 2022 was RMB3.9 million and RMB13.7 million, respectively, which accounted for 6.4% and 8.5% of our total revenue in the same periods.

RAW MATERIALS AND SUPPLIERS

During the Track Record Period, we primarily procured raw materials and equipment for the development and manufacture of our product and drug candidates from manufacturers and suppliers around the world. Our purchases mainly include third-party contracting services for research and development of our product and drug candidates and manufacturing of certain drug substances for clinical supply, as well as raw materials, consumables, machines and equipment. We also engage qualified CROs and CMOs to support our internal team in managing and conducting pre-clinical and clinical studies and of our pipeline candidates, as well as the manufacturing activities. During the Track Record Period, our purchases from our five largest suppliers in the aggregate in each year/period accounted for 78.5%, 49.6% and 75.4% of our total purchases (including value added tax), respectively.

RELATIONSHIP WITH CROs

In line with industry practice, we collaborate with contract research organizations (CROs) that manage, conduct and support our clinical trials in China, the U.S. and other jurisdictions. We selected our CROs taking into consideration various factors, such as their qualifications, academic and professional experience, industry reputation and service fees. The CROs provide us with an array of products and services necessary for complex clinical trials. In addition to the scope, depth and quality of their service and product offerings, we place a high value on our CROs' ability to facilitate optimal site selection, timely patient recruitment and efficient conduct of complex clinical trials with high-quality standards. CROs generally provide a comprehensive suite of services to assist us in the implementation and management of clinical trials, including trial preparation, day-to-day site management, clinical safety management, data management, and report preparation.

SUMMARY HISTORICAL FINANCIAL INFORMATION

This summary of key financial information set forth below has 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 document, as well as the information set forth in the section headed "Financial Information."

Summary Consolidated Statements of Profit or Loss

We have never been profitable and have incurred operating losses during the Track Record Period, with RMB635.4 million, RMB1,461.8 million and RMB293.4 million for the years ended December 31, 2020 and 2021 and the five months ended May 31, 2022, respectively. Substantially all of our operating losses resulted from research and development expenses, administrative expenses and fair value losses on preferred shares. In particular, the research and development expenses incurred for our Core Product amounted to RMB92.4 million, RMB118.0 million and RMB39.7 million, for the years ended December 31, 2020 and 2021 and the five months ended May 31, 2022, respectively. The research and development expenses in relation to the services provided by third-party contract research organizations amounted to RMB67.3 million, RMB60.6 million and RMB38.9 million, for the years ended December 31, 2020 and 2021 and the five months ended May 31, 2022, respectively. For more details, please refer to the paragraphs headed "Financial Information – Description of Certain Key Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income – Research and Development Expenses," "Financial Information – Description of Certain Key Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income – Administrative Expenses" and "Financial Information – Description of Certain Key Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income – Fair Value Losses on Preferred Shares" in this document.

The following table summarizes our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	Year Ended December 31,		Five Months Ended May 31,	
	2020	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	–	60,260	–	161,062
Cost of sales	–	(4,277)	–	(11,458)
Gross profit	–	55,983	–	149,604
Other income and gains	2,337	19,637	1,494	21,480
Research and development expenses	(263,970)	(371,162)	(129,940)	(138,259)
Administrative expenses	(40,528)	(150,956)	(26,757)	(46,631)
Selling and marketing expenses	–	(42,834)	–	(103,567)
Royalty expenses	–	(7,153)	–	(17,364)
Other expenses	(5,929)	(8,940)	(1,371)	(14,224)
Finance costs	(8,058)	(1,528)	(365)	(740)
Fair value losses on preferred shares	(319,232)	(954,742)	(647,031)	(143,642)
Impairment losses on financial assets, net	–	(130)	–	(74)
Loss before tax	(635,380)	(1,461,825)	(803,970)	(293,417)
Income tax expenses	–	–	–	–
Loss and total comprehensive loss for the year/period	(635,380)	(1,461,825)	(803,970)	(293,417)
Attributable to:				
Owners of the parent	(635,380)	(1,434,092)	(803,970)	(280,379)
Non-controlling interests	–	(27,733)	–	(13,038)
	(635,380)	(1,461,825)	(803,970)	(293,417)

Non-IFRS Measure

In order to supplement our consolidated statements of profit or loss and other comprehensive income which are presented in accordance with IFRS, we use adjusted loss and total comprehensive loss as an additional financial measure, which is not required by, or presented in accordance with IFRS. Our adjusted loss and total comprehensive loss represents our loss and total comprehensive loss for the year/period, adjusted to add back fair value losses on preferred shares and share-based payment expenses. We believe that such measure provides investors and other persons with useful information to understand and evaluate our consolidated results of operation in the same manner as it helps our management. However, adjusted net loss presented by us may not be comparable to the similar financial measure presented by other companies. There are limitations to the non-IFRS measure used as an analytical tool, and you should not consider it in isolation or regard it as a substitute for our results of operation or financial position analysis that is presented in accordance with IFRS.

The following table sets forth our loss and total comprehensive loss and adjusted loss and total comprehensive loss for the year/period, which is adjusted by adding back fair value losses on preferred shares and share-based payment expenses, for the periods indicated:

	Year Ended December 31,		Five Months Ended May 31,	
	2020	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loss and total comprehensive loss for the year/period	(635,380)	(1,461,825)	(803,970)	(293,417)
Add:				
Fair value losses on preferred shares[(1)]	319,232	954,742	647,031	143,642
Share-based payment expenses[(2)]	416	164,659	94	55,435
Adjusted loss and total comprehensive loss for the year/period	(315,732)	(342,424)	(156,845)	(94,340)

Notes:

(1) Fair value losses on preferred shares consist of fair value losses on preferred shares we issued, during the Track Record Period. We will cease to recognize fair value losses on preferred shares upon the [**REDACTED**].

(2) Share-based payment expenses mainly represent share award schemes and share incentive scheme adopted by our Group for the purpose of providing incentives to eligible participants. Share-based payment expenses are not expected to result in future cash payments (a non-cash item).

Summary 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,		As of May 31,
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Property, plant and equipment	10,864	52,246	97,401
Intangible assets	–	929	887
Right-of-use assets	15,937	66,293	62,333
Other non-current assets	7,660	18,384	10,878
Amounts due from related parties	–	3,214	3,254
Total non-current assets	34,461	141,066	174,753
Current assets			
Trade receivables	–	65,004	101,889
Prepayments, other receivables and other assets	41,122	29,654	29,510
Amounts due from related parties	372	–	–
Financial assets at fair value through profit or loss ("FVTPL")	–	50,178	50,021
Pledged deposits	6,000	–	–
Restricted bank balances	–	72	72
Cash and bank balances	414,261	774,306	660,231
Inventories	–	13	1,545
Total current assets	461,755	919,227	843,268
Current liabilities			
Trade payables	2,416	3,742	2,650
Other payables and accruals	88,340	137,431	193,404
Interest-bearing bank borrowings	3,522	–	–
Amounts due to a related party	1,702	150	150
Preferred shares	215,237	3,093,968	3,233,922
Lease liabilities	3,791	12,754	13,701
Total current liabilities	315,008	3,248,045	3,443,827

	As of December 31,		As of May 31,
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Net current assets/(liabilities)	146,747	(2,328,818)	(2,600,559)
Total assets less current liabilities	181,208	(2,187,752)	(2,425,806)
Non-current liabilities			
Deferred income	7,579	–	–
Lease liabilities	13,061	45,987	41,512
Preferred shares	1,430,383	38,823	42,511
Total non-current liabilities	1,451,023	84,810	84,023
Net liabilities	(1,269,815)	(2,272,562)	(2,509,829)
Equity			
Equity attributable to owners of the parent			
Share capital	37	57	57
Treasury shares	–	(27)	(27)
Deficits	(1,269,852)	(2,238,041)	(2,467,519)
	(1,269,815)	(2,238,011)	(2,467,489)
Non-controlling interests	–	(34,551)	(42,340)
Total deficit	(1,269,815)	(2,272,562)	(2,509,829)

We incurred net current liabilities of RMB2,328.8 million as of December 31, 2021, compared to net current assets of RMB146.7 million as of December 31, 2020, primarily due to the significant increase in Preferred Shares classified as current liabilities of RMB2,878.7 million resulted from the occurrence of first and second trigger events in the redemption rights under the shareholders' agreement, which enables the preferred shareholders (except for series seed preferred shareholders) to request the Company to redeem all or a portion of the outstanding Preferred Shares (except for Series Seed Preferred Shares) at any time and from time to time on or after such occurrence. Our net current liabilities increased from RMB2,328.8 million as of December 31, 2021 to RMB2,600.6 million as of May 31, 2022, primarily due to (i) an increase in Preferred Shares classified as current liabilities of RMB140.0 million resulted from the fair value increase of such Preferred Shares; and (ii) a decrease in cash and bank

balances of RMB114.1 million primarily because we did not have equity financing in 2022 but continuously incurred cash expenditures in relation to the operating activities. Upon the [**REDACTED**], our financial position will turnaround to net current assets with the automatic and irrevocable conversion of such Preferred Shares into Ordinary Shares. For details of the trigger events of the Redemption Rights, please refer to note 26 of the Appendix I to this document.

We recorded net liabilities of RMB1,269.8 million, RMB2,272.6 million and RMB2,509.8 million as of December 31, 2020 and 2021 and May 31, 2022, respectively, mainly attributable to our Preferred Shares we recorded as liabilities of RMB1,645.6 million, RMB3,132.8 million and RMB3,276.4 million as of December 31, 2020 and 2021 and May 31, 2022, respectively. We expect to turn from a net liability position to a net asset position upon the automatic and irrevocable conversion of the Preferred Shares into Ordinary Shares on the [**REDACTED**] or at such time prior to the [**REDACTED**] as may be required to give effect to the [**REDACTED**] pursuant to applicable listing rules of Hong Kong Stock Exchange. For more details, please refer to the paragraphs headed "Financial Information – Description of Certain Key Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income – Fair Value Losses on Preferred Shares" in this document and note 26 of the Appendix I to this document.

Our net liabilities increased from RMB1,269.8 million as of December 31, 2020 to RMB2,272.6 million as of December 31, 2021, mainly reflecting changes in equity comprising (i) total comprehensive loss of RMB1,461.8 million; (ii) capital contribution from a non-controlling shareholder of a subsidiary of RMB321.1 million; and (iii) recognition of equity-settled share-based payments of RMB164.7 million. Our net liabilities further increased to RMB2,509.8 million as of May 31, 2022, mainly reflecting changes in equity comprising total comprehensive loss for the period of RMB293.4 million. For more information, please refer to consolidated statements of changes in equity included in the Accountants' Report in Appendix I to this document.

Summary Consolidated Statements of Cash Flows

Our uses of cash primarily compose of pre-clinical research and development expenses, clinical development expenses, and license-in related expenses. During the Track Record Period, we primarily funded our working capital requirements through capital contributions from our shareholders, private equity financing and other borrowings. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. Our net cash used in operating activities was RMB278.3 million, RMB377.1 million and RMB112.9 million for the years ended December 31, 2020 and 2021, and for the five months ended May 31, 2022, respectively. As our business develops and expands, we expect to generate net cash from our operating activities, through the sales revenue of our future commercialized products. Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of our cash equivalents and cash and net [**REDACTED**] from the [**REDACTED**]. For the five months ended May 31, 2022, we had cash and cash equivalents of RMB660.2 million.

The following table sets forth information regarding our cash flows as of the dates indicated:

	Year Ended December 31,		Five Months Ended May 31,	
	2020	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cash flows from operating activities before movements in working capital	(300,140)	(337,200)	(152,972)	105,445
Changes in working capital	21,811	(39,879)	24,979	7,451
Net cash flows used in operating activities	(278,329)	(377,079)	(127,993)	(112,896)
Net cash flows used in investing activities	(20,480)	(98,871)	(16,711)	(13,166)
Net cash flows from/(used in) financing activities	607,387	840,082	104,380	(6,335)
Net increase in cash and cash equivalents	308,578	364,132	(40,324)	(132,397)
Cash and cash equivalents at beginning of year/period	112,156	414,261	414,261	774,306
Effect of foreign exchange rate changes, net	(6,473)	(4,087)	(1,370)	18,322
Cash and cash equivalents at end of the year/period	414,261	774,306	372,567	660,231

We expect our net operating cash outflows position to improve concurrently with our profitability, mainly through (i) further increasing our sales of envafolimab, by, for example, expanding our sales and marketing team and covering more pharmacy stores; (ii) putting more efforts in receivables collection management in order to reduce our receivables so as to improve our working capital condition; and (iii) further improving our operational efficiency to enhance our working capital position by reviewing regularly and updating our liquidity and funding policies to ensure that it is aligned with our business plan and financial position, and preparing cash flow and funding summaries on a regular basis to monitor our cash flow.

The Directors are of the opinion that, taking into account the financial resources available to our Group, including cash and cash equivalents, internally generated funds and the estimated net [**REDACTED**] from the [**REDACTED**], we have sufficient working capital to cover at least 125% of our costs, including research and development expenses, distribution costs, administrative expenses, and other operating costs, for at least the next 12 months from the date of this document.

Our cash burn rate refers to the average monthly aggregate amount of (i) net cash used in operating activities, including research and development expenses; (ii) payment for property, plant and equipment; (iii) interest paid; (iv) purchase amount of intangible assets; and (v) lease payment. Assuming that the average cash burn rate going forward of 1.9 times the level in 2021, which is primarily based on the difference between the average monthly burn rate in 2022 and the nine months ended September 30, 2023, we estimate that our cash and cash equivalents as of May 31, 2022 will be able to maintain our financial viability for approximately 9.6 months or, if we also take into account the estimated net [**REDACTED**] (based on the low-end of the indicative [**REDACTED**]) from the [**REDACTED**], for approximately 33.3 months. Our Directors and our management team will continue to monitor our working capital, cash flows, and our business development status. We expect to raise our next round of financing, if needed, with a minimum buffer of 12 months after the [**REDACTED**].

KEY FINANCIAL RATIO

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

	As of December 31,		As of May 31,
	2020	2021	2022
Current ratio[(1)]	1.5	0.3	0.2

Note:

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

The current ratio of the Company amounted to 1.5, 0.3 and 0.2 as of December 31, 2020 and 2021 and May 31, 2022, respectively. The decreasing trend of the current ratio during the Track Record Period was primarily because we reclassified large amount of Preferred Shares from non-current liabilities to current liabilities in 2021 and 2022. Upon the [**REDACTED**], such Preferred Shares will be converted into ordinary Shares, and our current liabilities are expected to decrease significantly. For more information on our key financial ratio, please refer to the paragraphs headed "Financial Information – Key Financial Ratio."

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 [**REDACTED**]. Some of the major risks that we face include:

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

- The market opportunities for our Core Product may be small as it mainly targets late line treatment for most of its targeted indications and is limited to those patients who have failed prior treatments.

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

- We have incurred net losses since inception, and expect to continue to incur significant net losses for the foreseeable future and we may not be able to generate sufficient revenue to achieve or maintain profitability.

- We have entered into collaborations with our partners and may form or seek additional collaborations or strategic alliances or enter into additional 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 collaboration partners.

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

- If we are unable to obtain and maintain adequate patent protection for our product and 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 commercialize any of our future approved products or technologies would be materially adversely affected.

You should read the entire section headed "Risk Factors" in this document before you decide to invest in the [**REDACTED**].

RECENT DEVELOPMENTS

Our Preferred Shares, classified as liabilities, affect and will continue to affect our financial performance until the automatic and irrevocable conversion of such Preferred Shares into Ordinary Shares on the [**REDACTED**] or at such time prior to the [**REDACTED**] as may be required to give effect to the [**REDACTED**] pursuant to applicable listing rules of Hong Kong Stock Exchange. The Company expects to incur net loss for the year ended December 31, 2022 due to the continuous research and development activities and recognition of fair value losses on Preferred Shares for the period before the [**REDACTED**] or at such time prior to the [**REDACTED**] as may be required to give effect to the [**REDACTED**] pursuant to applicable listing rules of Hong Kong Stock Exchange.

OUTBREAK OF COVID-19

Since December 2019, the outbreak of a novel strain of coronavirus causing coronavirus disease 2019 (COVID-19) has materially and adversely affected the global economy. Since late July 2021, the COVID-19 has recurred in the form of the Delta variant in China and overseas, and since November 2021, another variant designated as Omicron (together with the Delta variant, the "**COVID-19 Variants**") has also been discovered in many cases over the globe (the "**Recurrences**"). Recently, the Chinese government has implemented emergency measures in certain cities or regions, including Shanghai, in response to the Recurrence, including travel restrictions, mandatory cessations of business operations, mandatory quarantines, and limitations on social and public gathering and lockdowns.

While we experienced delays in the patient enrollment process and data entry for certain of our clinical trials in China (including the temporary delays in the patient enrollment in Shanghai since March 2022), the outbreak of COVID-19 and the Recurrences have not caused any early termination of our clinical trials or necessitated removal of any patients enrolled in our clinical trials. We have employed various measures to mitigate any impact the COVID-19 outbreak and the Recurrences may have on our ongoing clinical trials in China, including providing alternative methods for safety and efficacy assessment, continuing patient visit through remote access, supplying enrolled patients with study medication through monitored delivery process, and engaging necessary communications with our investigators to identify and address any issues that may arise. For our U.S. and Japan trials, we did not experience any material difficulties arising from the outbreak of COVID-19 and the Recurrences in our patient enrollment and trial management, and the progress of those trials is generally in line with our trial development plan despite minor delays. Based on the foregoing, we currently expect that our ongoing clinical trials will not be significantly affected by the outbreak of COVID-19 and the Recurrences. We may adjust our current clinical development plan covering multiple jurisdictions to the extent necessary depending on the status of the COVID-19 outbreak and the Recurrences worldwide. Currently, we do not expect it to have any material long-term impact on data quality of our clinical trials or our overall clinical development plans.

Our Directors have carried out a holistic review of the impact of the COVID-19 outbreak and the Recurrences on our operations, and confirmed that the COVID-19 outbreak and the Recurrences did not have any long-term material adverse impact on our business operation and financial performance as of the Latest Practicable Date, mainly because (i) the Recurrences are less severe in terms of its lower modality rate and higher curability rate than the early outbreak and (ii) the Chinese government authorities have responded quickly to the COVID-19 and the Recurrences and made controlling efforts timely. However, due to the prevalence of the Recurrences in Shanghai since March 2022, as of the Latest Practicable Date, we had experienced temporary delays in the patient enrollment in Shanghai and our sales activities in Shanghai had been temporarily affected. We have mobilized and will continue to mobilize internal and external resources and leveraged our operating capabilities to minimize the impact on our operations caused by the COVID-19 outbreak and the Recurrences.

The above analyses are made by our management based on currently available information concerning COVID-19 and the Recurrences. It is uncertain whether the continuance or future recurrence of the COVID-19 outbreak in China, the U.S., Japan or the rest of the world will have a material adverse effect on our results of operations, financial position or prospects. For example, with the ongoing COVID-19 outbreak and the Recurrences around the world, we cannot assure you that our clinical development plan covering multiple jurisdictions including the China, the U.S. and Japan will not be adversely affected. For more details, please refer to the paragraphs headed "Risk Factors – Risks Relating to Our Operations – We may be subject to natural disasters, acts of war or terrorism or other factors beyond our control, including the COVID-19 outbreak, which may have a material adverse effect on our business, financial condition and results of operations" in this document. We will continue to monitor and evaluate any impact of the COVID-19 outbreak and the Recurrences on us and adjust our precautionary measures according to the latest developments of the outbreak.

REGULATORY DEVELOPMENT ON OVERSEAS LISTING

On December 24, 2021, the China Securities Regulatory Commission (中國證券監督管理委員會) (the "**CSRC**") released the Administrative Provisions of the State Council on the Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《國務院關於境內企業境外發行證券和上市的管理規定(草案徵求意見稿)》) and the Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for comments) (《境內企業境外發行證券和上市備案管理辦法(徵求意見稿)》) (collectively the "**Draft Regulations on Overseas Listing**") for public comments until January 23, 2022.

The Draft Regulations on Overseas Listing, if adopted in their current form, will regulate both direct and indirect overseas offering and listing of PRC domestic companies by adopting a filing-based regulatory regime. Pursuant to the Draft Regulations on Overseas Listing, the issuers who meet the following criteria seeking to offer their securities or list overseas will be deemed as indirect overseas offering by PRC domestic companies: (a) whose PRC domestic operating entity generated more than 50% of the total assets, net assets, revenues or profits as shown in the issuer's audited consolidated financial statements in the most recent accounting

year, and (b) whose senior management in charge of business operation and management are mostly Chinese citizens or have domicile in China, and whose main places of business are located in China or main business activities are conducted in China. PRC domestic companies that directly or indirectly seek to offer or list their securities overseas are required to file with the CSRC within 3 working days after submitting their application documents to the regulator in the place of intended listing or offering. In addition, according to the Draft Regulations on Overseas Listing, overseas offerings and listings (i) that are prohibited by specific laws and regulations, (ii) that constitute threat to or endanger national security as reviewed and determined by competent authorities, (iii) that involve material ownership disputes, (iv) where the PRC domestic companies, their controlling shareholder or actual controller are convicted of or investigated for certain criminal offences, or directors, supervisors and senior management of the issuer involved in certain criminal offences or severe administrative penalties (together the "**Forbidden Circumstances**"), among other circumstances, are explicitly forbidden.

As of the Latest Practicable Date, the Draft Regulations on Overseas Listing were released for public comments only and the final version and effective date of such regulations are subject to substantial uncertainties. Therefore, the [**REDACTED**] is currently not subject to any filing procedures with, or approval from, the CSRC. As of the Latest Practicable Date, we had not received any inquiries, notices, warnings, or sanctions regarding the [**REDACTED**] from the CSRC or any other PRC government authorities in terms of compliance with the proposed filing requirement under the new regulatory regime, if enacted. To our Directors' best knowledge, we are not aware of the existence of any circumstances that would prohibit us from conducting overseas [**REDACTED**] and [**REDACTED**] under the Draft Regulations on Overseas Listing. Therefore, if the Draft Regulations on Overseas Listing become effective in their current form before the [**REDACTED**] is completed, other than the uncertainties of the filing procedures which may be further clarified in the final version of the Draft Regulations on Overseas Listing and/or their implementation rules, we do not foresee any impediment for us to comply with the Draft Regulations on Overseas Listing in any material respects.

OUR SINGLE LARGEST SHAREHOLDER AND SHAREHOLDERS INFORMATION

Since the inception of our Group, Dr. Gong, our Key Founder and single largest shareholder, has been responsible for the strategic and operational management of our Group. As of the Latest Practicable Date, Dr. Gong is able to exercise [31.06]% voting rights in our Company through (i) Dragon Prosper Holdings Limited, his holding entity, and (ii) the share incentive platforms, namely Immunal Medixin US Limited, Immunal Medixin Cino L. Limited and Immunal Medixin Cino Limited, which are managed by a trustee who shall exercise voting rights in accordance with Dr. Gong's instructions. Please refer to the paragraphs headed "History, Development and Corporate Structure – Share Incentive Scheme" for more details.

Immediately following the completion of the [**REDACTED**], Dr. Gong will be interested in approximately [**REDACTED**]% of our issued share capital, assuming the [**REDACTED**] is not exercised.

Our significant shareholders include sophisticated investors, such as dedicated healthcare funds and biotech funds, as well as long-term private equity funds with a focus on investments in the biopharmaceutical sector.

Our Company received several rounds of Pre-[**REDACTED**] Investments, including the 2019 Financing, the 2020 Financing and the 2021 Financing. We raised a total of approximately US$229.9 million through the Pre-[**REDACTED**] Investments. Our Pre-[**REDACTED**] Investors will be subject to lockup arrangements at the time of the [**REDACTED**]. Generally, under these lock-up arrangements, each Pre-[**REDACTED**] Investor will not, at any time during the period commencing on the date of this document and ending on the last day of six (6) months from the [**REDACTED**], offer, pledge, sell, transfer or otherwise dispose of their Shares. Our Pre-[**REDACTED**] Investors includes sophisticated investors, such as dedicated healthcare funds and biotech funds as well as established funds with a focus on investments in the biopharmaceutical sector. [Five] of our Pre-[**REDACTED**] Investors, namely Tigermed, Simcere, Shenzhen Efung, Guofeng and Hillhouse, are sophisticated investors pursuant to Guidance Letter HKEX-GL92-18 issued by the Stock Exchange. Upon completion of the [**REDACTED**], assuming that the [**REDACTED**] is not exercised, Tigermed, Simcere, Shenzhen Efung, Guofeng and Hillhouse will hold approximately [**REDACTED**]%, [**REDACTED**]%, [**REDACTED**]%, [**REDACTED**]% and [**REDACTED**]% of the total share capital of our Company, respectively. For further details, please see "History, Development and Corporate Structure – Pre-[**REDACTED**] Investments – Information Regarding the Pre-[**REDACTED**] Investors" in this document.

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 Act. 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 Articles of Association provide that dividends may be declared and paid out of the profits of our Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of our share premium account or any other fund or account which can be authorised for this purpose in accordance with the Cayman Companies Act. No dividend may be paid out of our share premium account unless immediately following the date on which the dividend is proposed to be paid, our Company will be able to pay its debts as they fall due in the ordinary course of business. In light of our accumulated losses as disclosed in this document, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future. We may, however, pay a dividend out of our share premium account provided that, immediately following the date on which the dividend is proposed to be paid, our Company will be able to pay its debts as they fall due in

the ordinary course of business. There is no assurance that dividends of any amount will be declared to be distributed in any year. For more details, please refer to the paragraphs headed "Financial Information – Dividends" in this document.

THE [REDACTED]

The [**REDACTED**] by us consists of:

- the offer by us of initially [**REDACTED**] Shares, or [**REDACTED**], for [**REDACTED**] in Hong Kong, referred to in this document as the [**REDACTED**]; and

- the offer by us of initially [**REDACTED**] Shares, or [**REDACTED**], outside the United States (including to professional, institutional and other investors within Hong Kong) in offshore transactions in reliance on [**REDACTED**] and in the United States to [**REDACTED**] in reliance on [**REDACTED**] or another exemption from the registration requirements under the U.S. Securities Act, referred to in this document as the [**REDACTED**].

The number of [**REDACTED**] and [**REDACTED**], or together, [**REDACTED**], is subject to reallocation as described in the section headed "Structure of the [**REDACTED**]."

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Hong Kong Stock Exchange for the granting of [**REDACTED**] of, and permission to [**REDACTED**] in, the Shares in issue and [**REDACTED**] pursuant to the [**REDACTED**] (including any additional Shares which may be issued pursuant to the exercise of the [**REDACTED**]).

[REDACTED] STATISTICS

	Based on the [REDACTED] of HK$[REDACTED]	Based on the [REDACTED] of HK$[REDACTED]
Market [**REDACTED**] of our Shares[(2)]	HK$[**REDACTED**]	HK$[**REDACTED**]
Pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share[(3)]	HK$[**REDACTED**]	HK$[**REDACTED**]

Notes:

(1) All statistics in this table are on the assumption that the [**REDACTED**] are not exercised.

(2) The calculation of market [**REDACTED**] is based on [**REDACTED**] Shares expected to be in issue immediately after completion of the [**REDACTED**].

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated on the basis that [**REDACTED**] Shares are in issue, assuming the [**REDACTED**] has been completed on [**REDACTED**]. The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into HK$ at an exchange rate of HK$1.00 to RMB0.8592 prevailing on July 18, 2022.

USE OF [REDACTED]

We estimate that the aggregate net [**REDACTED**] to our Company from the [**REDACTED**] (after deducting [**REDACTED**] commissions and other estimated expenses in connection with the [**REDACTED**] paid and payable by us taking into account any additional discretionary incentive fee and assuming that the [**REDACTED**] is not exercised and an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per Share) will be approximately HK$[**REDACTED**]. We currently intend to apply such net [**REDACTED**] we will receive from this [**REDACTED**] for the following purposes:

(a) approximately 80%, or HK$[**REDACTED**], will be used primarily for the research and development, regulatory filings and commercialization of our product and drug candidates:

  (i) approximately 40%, or HK$[**REDACTED**], will be used for our Core Product envafolimab, including:

    (a) approximately 16.0% or HK$[**REDACTED**], will be used for ongoing and planned clinical trials to evaluate envafolimab for the treatment of UC, TMB-H, EC and other solid tumors;

(b) approximately 18.2% or HK$[**REDACTED**], will be used for ongoing and planned clinical trials to evaluate envafolimab as combinational therapies for the treatment of HCC, RCC, NSCLC, BTC and other solid tumors;

(c) approximately 0.4% or HK$[**REDACTED**], will be used for marketing business development (including employee salary, employee training, and procurement service), and the maintenance and management of envafolimab as its MAH holder; and

(d) approximately 5.4% or HK$[**REDACTED**], will be used for expanding our production-lines, including procurement of production equipment, procurement of active pharmaceutical ingredients, procurement of pre-filled syringe, packing materials accessory ingredients, commissioning and production debugging, and setting up of personnel and quality management system.

(ii) approximately 25%, or HK$[**REDACTED**], will be used for our other drug candidates, including those in various clinical development stages, including 3D189, 3D229, 3D1001, 3D1002, 3D011, 3D185, 3D197 and other drug candidates; and those in early-stage drug discovery and development, pre-clinical studies; and

(iii) approximately 15%, or HK$[**REDACTED**], will be used for (a) the construction of our in-house production facilities in Xuzhou, Jiangsu province (and for more information, please refer to the paragraphs headed "Business – Production and Quality Control" in this document); (b) the procurement of new machineries, instruments and equipment; and (c) the recruitment and training of manufacturing talents and the procurement of professional service;

(b) approximately 10%, or HK$[**REDACTED**], will be used to fund our business development activities, the expansion of our drug pipeline and portfolio, and the potential acquisition of high value and differentiated innovative assets and/or equities, if practicable; and

(c) approximately 10%, or HK$[**REDACTED**], will be used for our general corporate and working capital purposes.

For more details, please refer to the section headed "Future Plan and Use of [**REDACTED**]" in this document.

[**REDACTED**] EXPENSES

[**REDACTED**] expenses represent professional fees, [**REDACTED**] commissions and other fees incurred in connection with the [**REDACTED**]. [**REDACTED**] expenses to be borne by us are estimated to be approximately RMB[**REDACTED**] (HK$[**REDACTED**]) (assuming the [**REDACTED**] is not exercised and based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the [**REDACTED**] range), including (i) [**REDACTED**]-related expenses, including [**REDACTED**] commissions and fees of approximately RMB[**REDACTED**] (HK$[**REDACTED**]), and (ii) non-[**REDACTED**]-related expenses of approximately RMB[**REDACTED**] (HK$[**REDACTED**]), comprising (a) fees and expenses of legal advisors and reporting accountants of approximately RMB[**REDACTED**] (HK$[**REDACTED**]) and (b) other fees and expenses of approximately RMB[**REDACTED**] (HK$[**REDACTED**]).

Our [**REDACTED**] expenses as a percentage of gross [**REDACTED**] estimated to be received by us from the [**REDACTED**] is [**REDACTED**]%, assuming an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the indicative [**REDACTED**] range stated in this document) and assuming that the [**REDACTED**] is not exercised. In 2020 and 2021 and for the five months ended May 31, 2022, the [**REDACTED**] expenses charged to profit or loss were RMB[**REDACTED**], RMB[**REDACTED**] and RMB[**REDACTED**], respectively. After May 31, 2022, we estimate that additional [**REDACTED**] expenses of approximately RMB[**REDACTED**] will be incurred by our Company, approximately RMB[**REDACTED**] of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB86.4 million of which is expected to be recognized directly as a deduction from equity upon the [**REDACTED**]. The [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.