FUTURE PLANS AND PROSPECTS

See "Business — Our Strategies" in this document for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that the aggregate net proceeds 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 proceeds we will receive from this [**REDACTED**] for the following purposes:

1. approximately [40.7]%, or HK$[**REDACTED**], will be used primarily for clinical development, manufacturing and commercialization of our Core Product, LZ901. Specifically:

    a. approximately [19.3]%, or HK$[**REDACTED**], will be used to fund ongoing and planned clinical trials in China and the U.S. for LZ901, of which [13.3]%, or HK$[**REDACTED**], will be used to fund our ongoing and planned clinical trials in China between 2023 and 2024, and [6.1]%, or HK$[**REDACTED**], will be used to fund our planned clinical trials in the U.S. between 2023 and 2025. We intend to add approximately ten research and development personnel, who will be responsible for the clinical development of LZ901 and K193. Additionally, in China, we are conducting the Phase II clinical trial for LZ901 and expect to complete the randomized, double-blinded and placebo-controlled Phase II clinical trial for LZ901 in the first quarter of 2023. We expect to initiate Phase III clinical trial in the second quarter of 2023 and file the BLA to the NMPA in the third quarter of 2024. We expect to conduct the Phase III clinical trial in multiple cities and to enroll approximately 30,000 subjects. We expect that (a) 80% to 85% of the allocated net proceeds will be used to fund third-party contracting services, primarily including clinical trial services and technical services, (b) 10% to 15% will be used to fund the purchase of raw materials, and (c) the remaining will be used to fund employee expenses. In the U.S., We plan to initiate a Phase I clinical trial for LZ901 in the first quarter of 2023 and initiate a Phase II clinical trial in the first quarter of 2024. We expect to use over 90% of the allocated net proceeds to fund third-party contracting services, primarily including clinical trial services and technical services, and the remaining will be used to fund the purchase of raw materials and employee expenses;

    b. approximately [7.3]%, or HK$[**REDACTED**], will be used to fund commercial manufacturing of LZ901 in 2024 or after. We expect to use (i) 80% to 85% of the allocated net proceeds to fund the purchase of raw materials, primarily including culture medium, glucose, gel, adjuvant and packaging materials, (ii) 15% to 20% to fund employee expenses, and (iii) the remaining to fund the purchase of manufacturing machinery, primarily including ultra-low temperature freezers, analytical balances and conductivity meters, utilities and other miscellaneous manufacturing activities; and

c. approximately [14.1]%, or HK$[**REDACTED**], will be used to fund marketing and sales activities. We plan to establish an in-house marketing and sales team for LZ901 and add approximately 200 members to the team by 2024. We also plan to promote awareness of herpes zoster and LZ901 among vaccinees, CDCs and KOLs. Please see "Business — Our Products and Product Candidates — LZ901" in this document for more details about LZ901.

2. approximately [12.3]%, or HK$[**REDACTED**], will be used primarily for clinical development, manufacturing and commercialization of K3. Specifically:

   a. approximately [7.3]%, or HK$[**REDACTED**], will be used to fund planned clinical trials for K3 between 2023 and 2024. We plan to initiate a Phase III clinical trial for K3 in the second quarter of 2023 in China, and submit the BLA to the NMPA in the fourth quarter of 2024. We expect to conduct the Phase III clinical trial in multiple centers and to enroll approximately 600 participants. We expect to use (i) approximately 85% to 90% of the allocated net proceeds to fund third-party contracting services, primarily including clinical trial services and technical services, (ii) 5% to 10% to fund the purchase of raw materials, and (iii) the remaining to fund employee expenses;

   b. approximately [3.4]%, or HK$[**REDACTED**], will be used to fund commercial manufacturing of K3 in 2024 or after. We expect to use (i) 75% to 80% of the allocated net proceeds to fund purchase of raw materials, primarily including culture medium, glucose, gel, excipients and packaging materials, (ii) 15% to 20% to fund employee expenses, and (iii) the remaining to fund the purchase of manufacturing machinery, primarily including ultra-low temperature freezers, peristaltic pump, analytical balances and conductivity meters, utilities and other miscellaneous manufacturing activities; and

   c. approximately [1.6]%, or HK$[**REDACTED**], will be used to fund marketing and sales activities, including (i) promoting awareness of K3 among patients, physicians, hospitals and KOLs; (ii) establishing an in-house marketing and sales team of approximately 10 to 20 members for K3; and (iii) contracting third parties for the sales of K3. Please see "Business — Our Products and Product Candidates — K3" in this document for more details about K3.

3. approximately [8.4]%, or HK$[**REDACTED**], will be used primarily for ongoing and planned clinical trials for K193 between 2023 and 2025:

   We expect to complete the Phase I clinical trial in the second quarter of 2023 and plan to complete a Phase II clinical trial of K193 in China in the fourth quarter of 2027 based on which we plan to apply for a conditional BLA approval from the NMPA in 2027. We expect to conduct the Phase II clinical trial in multiple centers and to enroll 300 to 350 patients. We expect to use (i) 90% to 95% of the allocated net proceeds to fund third-party contracting services, primarily including clinical trial services and technical services, (ii) less than 5% to fund the purchase of raw materials, and (iii) the remaining to fund employee expenses; and

4. approximately [7.7]%, or HK$[**REDACTED**], will be used primarily for pre-IND studies and clinical development of other products in our pipeline of which (a) [2.7]%, or HK$[**REDACTED**], will be used for pre-IND studies and clinical development of Recombinant Rabies Vaccine between 2023 and 2025. We expect to conduct pharmaceutical research for Recombinant Rabies Vaccine, including research on manufacturing techniques and product qualities, and then to conduct non-clinical laboratory studies depending on the progress of our pharmaceutical research. We expect to request pre-IND meeting for Recombinant Rabies Vaccine with the NMPA as early as the second quarter of 2023. We expect to initiate a Phase I clinical trial for Recombinant Rabies Vaccine in the third quarter of 2023 and complete the Phase I clinical trial in the fourth quarter of 2023 in China. We expect to initiate a Phase II clinical trial for Recombinant Rabies Vaccine in the fourth quarter of 2023, and complete the Phase II clinical trial in the second quarter of 2024. Furthermore, we expect to initiate the Phase III clinical trial in the third quarter of 2024. We expect to use (i) 65% to 80% of the allocated net proceeds to fund third-party contracting services, (ii) 10% to 25% to fund the purchase of raw materials and (iii) the remaining to fund employee expenses; (b) [1.9]%, or HK$[**REDACTED**], will be used for pre-IND studies and clinical development of Recombinant Varicella Vaccine between 2023 and 2025. We submitted the IND application for Recombinant Varicella Vaccine to the NMPA in June 2022. We expect to initiate a Phase I clinical trial in the third quarter of 2023, and complete the Phase I clinical trial for Recombinant Varicella Vaccine in the first quarter of 2024. We plan to initiate a Phase II clinical trial in the fourth quarter of 2023, complete the Phase II clinical trial in the first quarter of 2025, initiate a Phase III clinical trial in the second quarter of 2025 in China. We expect to use (i) 70% to 80% of the allocated net proceeds to fund third-party contracting services, (ii) 10% to 20% to fund the purchase of raw materials and (iii) the remaining to fund employee expenses; (c) [1.6]%, or HK$[**REDACTED**], will used for pre-IND studies of K333 between 2023 and 2024. We expect to conduct pharmaceutical research for K333, including research on manufacturing techniques and product qualities, and then to conduct non-clinical laboratory studies depending on the progress of our pharmaceutical research. We expect to request a pre-IND meeting for K333 with the NMPA in the fourth quarter of 2023. We expect to use (i) 60% to 70% of the allocated net proceeds to fund third-party contracting services, (ii) 20% to 30% to fund the purchase of raw materials and (iii) the remaining to fund employee expenses; and (d) [1.6]%, or HK$[**REDACTED**], will be used for pre-IND studies of K1932 between 2023 and 2024. We expect to conduct pharmaceutical research for K1932, including research on manufacturing techniques and product qualities, and then to conduct non-clinical laboratory studies depending on the progress of our pharmaceutical research. We expect to request a pre-IND meeting for K1932 with the NMPA in the fourth quarter of 2023. We expect to use (i) 60% to 70% of the allocated net proceeds to fund third-party contracting services, (ii) 20% to 30% to fund the purchase of raw materials and (iii) the remaining to fund employee expenses; and

5. approximately [20.9]%, or HK$[**REDACTED**], will be used primarily for construction of our facilities, which are large-scale, customized and non-removable production facilities. Specifically:

   a. approximately [10.4]%, or HK$[**REDACTED**] will be used to fund construction of our commercial manufacturing facility in Zhuhai. We commenced construction of our second-phase manufacturing facility in April 2022, and expect to complete the construction of the second-phase Zhuhai manufacturing facility in the second quarter of 2023, which is expected to commence operations by the second quarter of 2023, with a total GFA of approximately 120,000 sq.m., and will be equipped with multiple 2.5-ton stainless steel bioreactors and two antibody biopharmaceutical production workshops. With the growth of the market of our products, we will purchase more large-scale, customized and non-removable production machinery and equipment to increase our actual production capacity in order to meet the growing market demand in the future. Please see "Business — Manufacturing — Zhuhai Commercial Manufacturing Facilities" in this document for more details. We intend to use our first-phase manufacturing facility in Zhuhai for the Phase III clinical trial and the initial stage of commercialization of LZ901 and the commercialization of K193, and we expect to manufacture approximately 14 million doses of LZ901 and 1 million doses of K193 per year once they are approved and commercialized. We expect to manufacture approximately 2 million doses of K3 a year, once approved and commercialized, using our second-phase manufacturing facility in Zhuhai. We expect to adjust our actual capacity based on then market conditions; and

   b. approximately [10.4]%, or HK$[**REDACTED**] will be used to further expand our research and development capabilities as we are exploring opportunities to build another R&D and pilot manufacturing facility in Beijing. We have acquired a parcel of land in Beijing. We expect to commence construction of the new facility in the second quarter of 2023 and complete the construction in the first quarter of 2024. Please see "Business — Manufacturing — Zhuhai Commercial Manufacturing Facilities" in this document for more details. We intend to conduct research and development activities in the new facility to explore other new product candidates and manufacture existing product candidates to support relevant research and development activities, such as pilot manufacturing. We intend to manufacture Recombinant Varicella Vaccine and Recombinant Rabies Vaccine, using our planned Beijing R&D and pilot manufacturing facility.

6. approximately [10.0]%, or HK$[**REDACTED**], will be used primarily for working capital and other general corporate purposes.

In the event that the net proceeds from the [**REDACTED**] are not sufficient to fund our expansion plan as disclosed above, we plan to utilize our internal capital resources or external financing as we believe appropriate to fund our future expansion.

To the extent that the net proceeds are not immediately applied to the above purposes, we intend to deposit the net proceeds into short-term demand deposits with licensed banks or financial institutions.