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

    a. approximately [41.3]%, or HK$[**REDACTED**], will be used to fund ongoing and planned clinical trials in China and the U.S. for LZ901, of which [31.4]%, or HK$[**REDACTED**], will be used to fund our ongoing and planned clinical trials in China between 2023 and 2024, and [9.9]%, 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 second 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 have received IND approval from the FDA in July 2022 for LZ901 and initiated a Phase I clinical trial in February 2023, and we plan to 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 [6.2]%, 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 [12.4]%, 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 — Our Core Product and Clinical-Stage Product Candidates — 1. LZ901" in this document for more details about LZ901.

2. approximately [22.7]%, or HK$[**REDACTED**], will be used primarily for clinical development and manufacturing of K3. In China, K3 is expected to primarily compete with biosimilars of adalimumab that have been launched or currently under development. According to Frost & Sullivan, (i) as of the Latest Practicable Date, there were six biosimilars of adalimumab approved in China and 10 biosimilars of adalimumab in development in China; and (ii) the average selling price of Humira® (under which brand name adalimumab is marketed by AbbVie Inc) per unit in China decreased from RMB5,572 in 2019 to RMB1,258 in 2020. In addition, it is commercially advisable to use the same facilities for Phase III clinical trial and production of K3 as using different facilities would incur substantial additional cost for technology transfer. It is therefore important to have sufficient production capacity for K3 to lower production cost and increase profit margin. K3 is indicated for the treatment of various autoimmune diseases, such as rheumatoid arthritis, ankylosing spondylitis and plaque psoriasis. The total combined prevalence of these three types of indications in China is expected to exceed 17 million in 2030 according to Frost & Sullivan. Therefore, with a lower price, we expect that there will be sufficient market demand for K3. Specifically:

   a. approximately [16.5]%, 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; and

   b. approximately [6.2]%, 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. The manufacturing machinery used for the commercial manufacturing for K3 is different from the machinery used for the commercial manufacturing of LZ901, because (i) the antigens or antibodies used for the manufacturing of LZ901 and K3 are different due to their different target genes, and thus we use different culture media for them based on their expression of the target

protein, (ii) the purification of LZ901 and K3 is different as the buffer solutions used in their purification process are not the same, and (iii) LZ901 product contains aluminum adjuvant, while K3 contains high protein concentration, which also requires different manufacturing machinery. In addition, the manufacturing machinery used for the clinical trials and commercial manufacturing for LZ901 and K3 is uncustomized and removable manufacturing machinery, such as ultra-low temperature freezer, which is different from the large-scale, customized and non-removable production facilities in relation to the construction of our facilities as mentioned below.

3. approximately [16.5]%, or HK$[**REDACTED**], will be used primarily for construction of our commercial manufacturing facility in Zhuhai, which are large-scale, customized and non-removable production facilities. These facilities are different from the uncustomized and removable manufacturing machinery mentioned above in relation to the manufacturing for LZ901 and K3. We commenced construction of our second-phase Zhuhai manufacturing facility in April 2022, and expect to complete the construction of the main body of the buildings in the second-phase Zhuhai manufacturing facility in the second quarter of 2023, which is expected to commence pilot operations in relation to the production of K3 by the second quarter of 2023. When commencing the pilot operation, we will have completed the purification and decoration of the buildings, and purchased and installed production machinery and equipment used for the production of K3, and therefore, we will be ready for the production of K3. However, at that time, we will have only paid 15%-30% of the relevant expenses for the above-mentioned construction activities as a prepayment of the construction of K3 facilities and we plan to use proceeds from the [**REDACTED**] to support the payment of the balance of the construction activities in relation to the production of K3. At the time of the commencement of pilot operation, we will not have completed the construction activities in relation to the production of LZ901 and K193, and we will still need sufficient funds to support the purification and decoration of the buildings used for the production of LZ901 and K193, the purchase and installation of production machinery and equipment used to produce LZ901 and K193, and the construction of auxiliary facilities, such as comprehensive power center, laboratory animal room, garbage station, and sewage treatment station. We expect to use (i) 25% to 35% of the allocated net proceeds to fund the purification and decoration of the manufacturing buildings; (ii) 40% to 50% of the allocated net proceeds to fund the purchase and installation of production large-scale, customized and non-removable production machinery and equipment; and (iii) 20% to 30% of the allocated net proceeds to fund the construction of auxiliary facilities. Please see "Business — Manufacturing — Zhuhai Commercial Manufacturing Facilities" in this document for more details about our Zhuhai manufacturing facilities. According to Frost & Sullivan, the vaccination rate of people aged 50 or above in China is expected to increase to approximately 12.6% in 2030 from 0.1% in 2021. LZ901 is expected to be priced at a retail price of approximately RMB500 to RMB800 an injection, with a total of two injections per treatment, which is more affordable compared to the retail price of the other commercially available herpes zoster vaccine in China, and has mild side effects. For more details, please see "Business — Our Products and Product Candidates — Our Core Product and Clinical-Stage Product Candidates — 1. LZ901 — Market Opportunities and Competition" in this document. Therefore, we can reasonably believe that LZ901 will capture a large market share in the future. Considering the above factors, construction of the second-phase manufacturing facilities in Zhuhai is necessary to support the commercialization of LZ901

and we need to prepare the large-scale and customized production facilities in advance to support the commercialization of our product candidates. We expect to adjust our actual capacity based on then market conditions; and

4. approximately [0.9]%, 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.