
HISTORY AND CORPORATE STRUCTURE

OVERVIEW

We are a fully integrated, innovative biopharmaceutical company committed to the R&D, manufacturing and commercialization of novel drugs to address significant unmet medical needs in China and globally. Empowered by our fully fledged innovation capabilities and a sophisticated and efficient cross-functional management system, we are dedicated to the development of differentiated treatments to improve the existing standard of care.

Our Company was established on November 22, 2016 as a joint stock company in Sichuan by Kelun Pharmaceutical and Employee Incentive Platforms. For further details of the incorporation and major shareholding changes of our Company, see “– Corporate History – Establishment and Major Shareholding Changes of Our Company” below.

MILESTONES

The following table summarizes various key milestones in our corporate and business development.

<u>Year</u>	<u>Milestone</u>
2016	Our Company was incorporated in Sichuan, China.
2018	We received IND approval from the NMPA and initiated a phase 1 clinical trial for A166. Our two 2,000 L single-use bioreactors and 300 L ADC conjugation tank were put into operation. We entered into a strategic license and collaboration agreement with Harbour BioMed.
2019	We launched the pivotal phase 2 clinical trial of A167 for RM-NPC. We received IND approvals from the FDA for the initiation of the global phase 1/2 clinical trial of SKB264.
2020	We received IND approvals from the NMPA for the initiation of the global phase 1/2 clinical trial of SKB264 for advanced solid tumors. We commenced A140’s pivotal phase 3 clinical equivalence trial for RAS wild-type mCRC for A140.
2021	We completed the Series A Financing. We commenced a pivotal phase 2 trial in China for A166 to treat HER2+ BC.

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<u>Year</u>	<u>Milestone</u>
	<p>We submitted an NDA to the NMPA for A167 for RM-NPC.</p> <p>We entered into a license and collaboration agreement with Ellipses.</p>
2022	<p>We commenced a pivotal phase 3 trial in advanced TNBC patients.</p> <p>We granted to MSD an exclusive, royalty-bearing and sublicensable license to develop, use, manufacture and commercialize our TROP2 ADCs, including SKB264, and products containing one or more such TROP2 ADCs outside Greater China.</p> <p>We granted to MSD an exclusive, royalty-bearing, sublicensable license to develop, use, manufacture and commercialize SKB315, our CLDN18.2 ADC, and products based on SKB315 globally.</p> <p>We entered into an exclusive license and collaboration agreement with MSD to develop up to seven preclinical ADC assets for the treatment of cancer.</p> <p>We obtained IND approvals from the NMPA for two phase 2 clinical trials – a phase 2 trial of SKB264 in combination with A167 with or without chemotherapy, as an early-line treatment for advanced EGFR-wild type and EGFR-mutant NSCLC and a phase 2 trial of SKB264 with or without A167 as a 1L treatment for advanced TNBC.</p> <p>We received IND approvals from the NMPA and FDA for a global phase 2 basket study of SKB264 in combination with Keytruda for selected solid tumors.</p> <p>We are authorized by the NDRC to establish the “National Engineering Research Center of Targeted Biologics (生物靶向藥物國家工程研究中心)”.</p>
2023	<p>We completed the Series B Financing.</p> <p>We received IND approval from the NMPA for SKB264’s phase 2 basket study as combination therapies for advanced EGFR wild-type and EGFR-mutant NSCLC.</p> <p>SKB264 was granted Breakthrough Therapy Designation for EGFR-TKI failed EGFR-mutant advanced NSCLC by the NMPA.</p>

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CORPORATE HISTORY

Establishment and Major Shareholding Changes of Our Company

Our Company was established in Sichuan as a joint stock company on November 22, 2016 with an initial registered capital of RMB100.0 million. At the time of our establishment, our Company was owned as to 70.0% by Kelun Pharmaceutical, a global leading IV (intravenous) fluids solution products and antibiotics intermediates manufacturer whose shares are listed on the Shenzhen Stock Exchange (stock code: 002422), and 30% by four employee incentive platforms, namely Kelun Huicai, Kelun Huineng, Kelun Huizhi and Kelun Huide (the “**Employee Incentive Platforms**”) equally with each holding 7.5% of our then total issued shares. For details of our Employee Incentive Platforms, see “– Employee Incentive Platforms” below.

Since the establishment, our Company has undertaken a series of capital increases to, amongst others, raise funds for the development of our business and diversify our Shareholders base. The major shareholding changes of our Company are set out below.

1. Share Transfers with Dr. WANG Jingyi

On May 29, 2020, Dr. WANG Jingyi, entered into a share transfer agreement with Kelun Pharmaceutical, pursuant to which Kelun Pharmaceutical agreed to transfer 10% equity interest in our Company held by it to Dr. WANG Jingyi at a nominal consideration of RMB1.00. The transfer was settled on May 30, 2020. On December 6, 2021, Kelun Pharmaceutical and Dr. WANG Jingyi further entered into a share transfer agreement, pursuant to which Dr. WANG Jingyi agreed to transfer back 2,500,000 Shares and 1,800,000 Shares to Kelun Pharmaceutical at a nominal consideration of RMB1.00 by December 31, 2021 and January 31, 2022, respectively. The above Shares transfers with Dr. WANG Jingyi are for incentive purpose. Upon completion of the above share transfers, Dr. WANG Jingyi held an aggregate of 5,700,000 Shares in our Company.

2. Pre-Series A Financing

On May 29, 2020, our Company, Kelun Pharmaceutical, the Employee Incentive Platforms, Dr. WANG Jingyi and Ningbo Daoyi Enterprise Consulting Management Co., Ltd. (寧波道奕企業諮詢管理有限公司) (“**Ningbo Daoyi**”) entered into a capital increase agreement, pursuant to which Ningbo Daoyi agreed to invest in our Company by subscribing for our registered capital of RMB4.2 million at the total subscription price of RMB12.6 million (the “**Pre-Series A Financing**”). The subscription price was determined based on arm’s length negotiation between the parties primarily taking into account the then valuation of our Company, and was fully settled on June 1, 2020. For further details of the Pre-Series A Financing, see “– pre-[REDACTED] Investments” below.

Upon completion of the Pre-Series A Financing, our Company was owned by Kelun Pharmaceutical, the Employee Incentive Platforms, Dr. WANG Jingyi and Ningbo Daoyi as to approximately 57.6%, 28.8%, 9.6% and 4.0% respectively, and the registered capital of our Company was increased from RMB100.0 million to RMB104.2 million.

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3. Series A Financing

On March 22, 2021, a share subscription agreement (“**Series A Share Subscription Agreement**”) was entered into among, our Company, Kelun Pharmaceutical, the Employee Incentive Platforms, Dr. WANG Jingyi, Mr. LIU Gexin (in his capacity as the actual controller of the Company), Ningbo Daoyi and the Series A Investors. Pursuant to the Series A Share Subscription Agreement, the Series A Investors agreed to subscribe for an aggregate of 11,850,609 Shares at the total subscription price of RMB511,782,500 (the “**Series A Financing**”), details of which are set out below:

Name of Series A Investors	Shares subscribed for	Consideration	Date on which consideration was fully settled	Approximately shareholding upon completion of the Series A Financing
Wealthy Linkage Limited (“ Wealthy Linkage ”)	5,251,275	USD35,000,000 <i>(equivalent to RMB226,782,500 according to the pre-determined foreign exchange rate)</i>	May 7, 2021	4.53%
Future Industry Investment Fund Phase II (Limited Partnership) (先進製造產業投資基金二期(有限合夥)) (“ FIIIF II ”)	5,210,000	RMB225,000,000	April 25, 2021	4.49%
LAV Kecheng Hong Kong Limited (“ LAV Kecheng ”)	771,852	USD5,144,429.82 <i>(equivalent to RMB33,333,333 according to the pre-determined foreign exchange rate)</i>	April 23, 2021	0.67%
Suzhou Likang Equity Investment Center (蘇州禮康股權投資中心(有限合夥)) (“ Suzhou Likang ”)	385,926	RMB16,666,667	April 21, 2021	0.33%

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Name of Series A Investors	Shares subscribed for	Consideration	Date on which consideration was fully settled	Approximately shareholding upon completion of the Series A Financing
Zhuhai Liangheng Equity Investment Partnership (Limited Partnership) (珠海良恒股權投資合夥企業(有限合夥)) (“Gao Ling Liangheng”)	231,556	RMB10,000,000	April 22, 2021	0.20%
Total	11,850,609	RMB511,782,500		10.21%

The relevant considerations were determined based on arm’s length negotiation between the parties primarily taking into account the then valuation of our Company, which was based on status of our business and the research and development progress of our pipelines at that time. Upon completion of the Series A Financing, our Company was owned as to approximately (i) 51.70% by Kelun Pharmaceutical, (ii) 25.85% by the Employee Incentive Platforms with each of the four entities subsisting the Employee Incentive Platforms holding approximately 6.46%; (iii) 8.62% by Dr. WANG Jingyi, (iv) 3.62% by Ningbo Daoyi, and (v) 10.21% by Series A Investors. The registered capital of our Company was increased from RMB104.2 million to RMB116,050,609. For further details of the Series A Financing, see “– pre-[REDACTED] Investments” below.

4. Series B Financing

Share Subscription by Kelun Pharmaceutical

On January 3, 2023, our Company, Kelun Pharmaceutical and the other then Shareholders of the Company entered into a share subscription and debt-to-equity swap agreement, pursuant to which Kelun Pharmaceutical agreed to further subscribe for an aggregate of 51,255,685 Shares at the total subscription price of RMB2.65 billion, among which RMB2.5 billion was settled through debt-to-equity swap and RMB0.15 billion was settled by cash on January 16, 2023 (the “**Share Subscription by Kelun Pharmaceutical**”). The consideration was based on arm’s length negotiations between our Company and Kelun Pharmaceutical and determined with reference to the cost per Share paid by external investors in connection with the Series B Financing,

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representing a fair and reasonable valuation of our Company by seasoned investors. Upon completion of the Share Subscription by Kelun Pharmaceutical, Kelun Pharmaceutical held an aggregate of 115,555,685 Shares in our Company, accounting for 59.75% of our Company’s share capital.

Investment by external investors

On January 3, 2023, a series of share subscription agreements (“**Series B Share Subscription Agreements**”) were entered into among, our Company, Kelun Pharmaceutical, the Employee Incentive Platforms, Dr. WANG Jingyi, Mr. LIU Gexin (in his capacity as the actual controller of the Company), Ningbo Daoyi, Series A Investors and Series B Investors. Pursuant to the Series B Share Subscription Agreements, the Series B Investors agreed to subscribe for an aggregate of 26,076,205 Shares at the total subscription price of RMB1,348,181,000 (the “**Series B Financing**”), details of which are set out below:

Name of Series B Investors	Shares subscribed for	Consideration	Date on which the consideration was fully settled
Merck Sharp & Dohme LLC (“MSD”)	13,443,693	USD100,000,000 <i>(equivalent to RMB695,060,000 according to the pre-determined foreign exchange rate)</i>	January 28, 2023
Guangxi Kexin Lunda Investment Limited Partnership (廣西科信倫達投資合夥企業(有限合夥)) (“Kexin Lunda”)	2,321,012	RMB120,000,000	January 18, 2023
Wealthy Linkage	2,016,553	USD15,000,000 <i>(equivalent to RMB104,259,000 according to the pre-determined foreign exchange rate)</i>	January 20, 2023

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Name of Series B Investors	Shares subscribed for	Consideration	Date on which the consideration was fully settled
Leyue Capital Limited (“Leyue Capital”)	2,016,553	USD15,000,000 <i>(equivalent to RMB104,259,000 according to the pre-determined foreign exchange rate)</i>	January 20, 2023
FIIF II	1,934,177	RMB100,000,000	January 18, 2023
Anling Weijian Equity Investment (Zibo) Limited Partnership (安齡偉健 股權投資(淄博)合夥企業(有限合夥)) (“Anling Weijian”)	967,088	RMB50,000,000	January 20, 2023
BOSC Xingling (Jiaxing) Equity Investment Partnership (上銀杏苓 (嘉興)股權投資合夥企業) (“BOSC Xingling”)	734,987	RMB38,000,000	January 16, 2023
Gygnus Real Company Limited (“Gygnus Real”)	672,184	USD5,000,000 <i>(equivalent to RMB34,753,000 according to the pre-determined foreign exchange rate)</i>	January 19, 2023
Chengdu Wutong Juke Enterprise Management Limited Partnership (成都梧桐聚科企業管理合夥企業 (有限合夥)) (“Wutong Juke”)	616,035	RMB31,850,000	January 19, 2023
Chengdu Wenjiang Emerging Industry Venture Capital Fund Limited Partnership (成都溫江新興產業創業投 資基金合夥企業(有限合夥)) (“Chengdu Wenjiang Emerging Industry Venture”)	386,835	RMB20,000,000	January 13, 2023

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Name of Series B Investors	Shares subscribed for	Consideration	Date on which the consideration was fully settled
Cinda Capital Management Limited (信達資本管理有限公司) (“Cinda Capital”)	386,835	RMB20,000,000	January 13, 2023
Shenzhen Yunqi Xinneng Venture Investment Center Limited Partnership (深圳雲起欣能創業投資中心(有限合伙)) (“Yunqi Xinneng”) / ZHOU Youcai (周有財) ^{Note}	386,835	RMB20,000,000	February 10, 2023
Chengdu Longyi Technology Co., Ltd. (成都隆一科技有限責任公司) (“Longyi Technology”)	193,418	RMB10,000,000	January 12, 2023
Total	26,076,205	RMB1,348,181,000	

Note: On January 3, 2023, as a part of the Series B Share Subscription Agreements, a share subscription agreement was signed by Yunqi Xinneng to subscribe for 386,835 Shares at a consideration of RMB20 million. On February 10, 2023, as an internal arrangement of Yunqi Xinneng, Yunqi Xinneng entered into a share transfer agreement with ZHOU Youcai (周有財), the sole limited partner of Yunqi Xinneng and an Independent Third Party, pursuant to which Yunqi Xinneng transferred all 386,835 Shares subscribed by it under the share subscription agreement to ZHOU Youcai, and the obligations of Yunqi Xinneng thereunder (including the obligation to pay the subscription price) were therefore assumed by ZHOU Youcai. On February 10, 2023, ZHOU Youcai fully settled the relevant subscription price with our Company.

The relevant considerations were determined based on arm’s length negotiation between the parties primarily taking into account the then valuation of our Company, which was based on (a) status of our business and the research and development progress of our pipelines at that time; and (b) successful collaboration with first-tier multinational pharmaceutical companies in 2022. The register share capital of our Company was increased from RMB116,050,609 to RMB193,382,499. For further details of the Series B Financing, see “– Pre-[REDACTED] Investments” below. Upon completion of the Series B Financing (including the Share Subscription by Kelun Pharmaceutical), the shareholding structures of our Company are set out below:

Shareholder	Shares held upon completion of Series B Financing	Shareholding percentage upon completion of Series B Financing
Kelun Pharmaceutical	115,555,685	59.75%
Kelun Huicai	7,500,000	3.88%
Kelun Huineng	7,500,000	3.88%
Kelun Huizhi	7,500,000	3.88%
Kelun Huide	7,500,000	3.88%
Dr. WANG Jingyi	5,700,000	2.95%
MSD	13,443,693	6.95%

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Shareholder	Shares held upon completion of Series B Financing	Shareholding percentage upon completion of Series B Financing
Wealthy Linkage ⁽¹⁾	7,267,828	3.76%
Leyue Capital ⁽¹⁾	2,016,553	1.04%
FIIF II	7,144,177	3.69%
Ningbo Daoyi	4,200,000	2.17%
Kexin Lunda ⁽²⁾	2,321,012	1.20%
Cinda Capital ⁽²⁾	386,835	0.20%
LAV Kecheng ⁽³⁾	771,852	0.40%
Suzhou Likang ⁽³⁾	385,926	0.20%
Anling Weijian	967,088	0.50%
BOSC Xingling	734,987	0.38%
Gygnus Real	672,184	0.35%
Wutong Juke ⁽⁴⁾	616,035	0.32%
Chengdu Wenjiang Emerging Industry Venture ⁽⁴⁾	386,835	0.20%
ZHOU Youcai	386,835	0.20%
Gao Ling Liangheng	231,556	0.12%
Longyi Technology	193,418	0.10%
Total	193,382,499	100%

Notes:

- (1) Wealthy Linkage and Leyue Capital are companies managed by IDG Capital. For more details on Wealthy Linkage and Leyue Capital, see “– Pre-[REDACTED] Investments – Information Relating to Our Pre-[REDACTED] Investors”.
- (2) The beneficial owner of Kexin Lunda and Cinda Capital is China Cinda Asset Management Co., Ltd. (Stock Code: 01359 and 04621 (preference shares)). For more details on Kexin Lunda and Cinda Capital, see “– Pre-[REDACTED] Investments – Information Relating to Our Pre-[REDACTED] Investors”.
- (3) Each of LAV Kecheng and Suzhou Likang is an investment arm of Lilly Asia Ventures. For more details on LAV Kecheng and Suzhou Likang, see “– Pre-[REDACTED] Investments – Information Relating to Our Pre-[REDACTED] Investors”.
- (4) The beneficial owner of Chengdu Wenjiang Emerging Industry Venture and Wutong Juke is Bureau of State-owned Assets Supervision and Administration of Wenjiang District of Chengdu (成都市溫江區國有資產監督管理局). For more details on Chengdu Wenjiang Emerging Industry Venture and Wutong Juke, see “– Pre-[REDACTED] Investments – Information Relating to Our Pre-[REDACTED] Investors”.

PRC Legal Advisor’s Confirmation

As advised by our PRC Legal Advisor, the increases of registered capital and share transfers in respect of our Company as described above had been completed and filed with the SAMR.

Kelun Research Institute Assets Transfer

Our Company was established by Kelun Pharmaceutical and Employee Incentive Platforms. To optimize the business delineation of different members within Kelun Group and better support our Company as an independent platform for innovative drugs, on March 21,

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2019, our Company and Kelun Research Institute, a wholly owned subsidiary of Kelun Pharmaceutical, entered into an assets transfer agreement (the “**Kelun Research Institute Assets Transfer Agreement**”), pursuant to which the patents, know-hows and associated intellectual property rights related to R&D of novel drugs previously owned by Kelun Research Institute and the relevant equipment used in connection with R&D of novel drugs were transferred from Kelun Research Institute to our Company (the “**Kelun Research Institute Assets Transfer**”). The transfer price under the Kelun Research Institute Assets Transfer Agreement amounted to approximately RMB405.3 million (the “**Kelun Research Institute Assets Transfer Price**”), which was determined through arm’s length negotiation between the parties with reference to a valuation report issued by an Independent Third Party valuer. As of the Latest Practicable Date, (i) the Kelun Research Institute Assets Transfer Price had been fully settled by our Company; and (ii) all the transfers under the Kelun Research Institute Assets Transfer Agreement had been duly completed.

Upon completion of the transfers under the Kelun Research Institute Assets Transfer Agreement, the Remaining Kelun Group primarily focuses on (i) manufacturing of IV fluids solution products and antibiotics intermediates, and (ii) research and development of generic drugs, which are mainly carried out through Kelun Research Institute. In contrast, our Company primarily focuses on the R&D, manufacturing and commercialization of novel drugs to address significant unmet medical needs in China and globally. Our Directors believe that there is a clear business delineation of business between our Group and the Remaining Kelun Group. Please see “Relationship with Our Controlling Shareholders” in this document for details.

EMPLOYEE INCENTIVE PLATFORMS

In recognition of the contributions of our employees and to incentivize them to further promote our development, Kelun Huicai, Kelun Huineng, Kelun Huizhi and Kelun Huide were established in the PRC as our employee incentive platforms.

Kelun Huicai

Kelun Huicai was established in the PRC as a limited partnership on August 26, 2016. Chengdu Kelun Jingchuan Technology Co., Ltd. (成都科倫晶川科技有限公司) (“**Kelun Jingchuan**”), a wholly-owned subsidiary of Kelun Pharmaceutical, is the sole general partner of Kelun Huicai and is responsible for the management of Kelun Huicai. As of the Latest Practicable Date, Kelun Huicai had 20 limited partners, including Dr. GE Junyou (our executive Director and general manager), Mr. FENG Hao (our non-executive Director), Dr. QING Yan (our supervisor), Mr. LAI Degui (our supervisor), Ms. LIAO Yihong (our supervisor), Mr. FENG Yi (our deputy general manager, chief strategy officer and senior vice president) and 14 other employees of our Group. As of the Latest Practicable Date, Kelun Huicai subscribed for approximately 3.88% of the registered capital of our Company. The voting rights attaching to the Shares held by Kelun Huicai are exercisable by the general partner of Kelun Huicai in accordance with the partnership agreement entered into among the general and limited partners of Kelun Huicai.

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Kelun Huineng

Kelun Huineng was established in the PRC as a limited partnership on August 26, 2016. Kelun Jingchuan is the sole general partner of Kelun Huineng and is responsible for the management of Kelun Huineng. As of the Latest Practicable Date, Kelun Huineng had 21 limited partners, including Ms. YANG Qiuyan (our supervisor), Dr. ZHANG Yiwei (our deputy general manager), Dr. TAN Xiangyang (our deputy general manager and chief scientific officer), Dr. JIN Xiaoping (our deputy general manager and chief scientific officer) and 17 other employees of our Group. As of the Latest Practicable Date, Kelun Huineng subscribed for approximately 3.88% of the registered capital of our Company. The voting rights attaching to the Shares held by Kunlun Huineng are exercisable by the general partner of Kelun Huineng in accordance with the partnership agreement entered into among the general and limited partners of Kelun Huineng.

Kelun Huizhi

Kelun Huizhi was established in the PRC as a limited partnership on August 26, 2016. Kelun Jingchuan is the sole general partner of Kelun Huizhi and is responsible for the management of Kelun Huizhi. As of the Latest Practicable Date, Kelun Huizhi had 42 limited partners, including Dr. SONG Hongmei (our supervisor) and 41 other employees of our Group. As of the Latest Practicable Date, Kelun Huizhi subscribed for approximately 3.88% of the registered capital of our Company. The voting rights attaching to the Shares held by Kunlun Huizhi are exercisable by the general partner of Kelun Huizhi in accordance with the partnership agreement entered into among the general and limited partners of Kelun Huizhi.

Kelun Huide

Kelun Huide was established in the PRC as a limited partnership on August 26, 2016. Kelun Jingchuan is the sole general partner of Kelun Huide and is responsible for the management of Kelun Huide. As of the Latest Practicable Date, Kelun Huide had 44 limited partners, including Mr. ZHOU Zejian (our chief financial officer and the secretary of the Board) and 43 other employees of our Group. As of the Latest Practicable Date, Kelun Huide subscribed for approximately 3.88% of the registered capital of our Company. The voting rights attaching to the Shares held by Kunlun Huide are exercisable by the general partner of Kelun Huide in accordance with the partnership agreement entered into among the general and limited partners of Kelun Huide.

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OUR SUBSIDIARIES

Sichuan Konas

Sichuan Konas was established as a limited liability company in the PRC on September 30, 2016 with a registered capital of RMB4.0 million. At the time of its establishment, Sichuan Konas was wholly owned by Kelun International Pharmaceutical (Holding) Co., Limited (“**Kelun International**”), a subsidiary of Kelun Pharmaceutical. On May 29, 2020, Kelun International transferred all its equity interest in Sichuan Konas to our Company at a nil consideration. As of the Latest Practicable Date, Sichuan Konas had no substantive business.

KLUS PHARMA

KLUS PHARMA was incorporated under and pursuant to the laws of the State of New Jersey on October 31, 2014 with an authorized share capital of US\$100 divided into 10,000 common shares. At the time of its incorporation, KLUS PHARMA was wholly owned by Kelun International Development Co. Limited (“**Kelun Development**”), a subsidiary of Kelun Pharmaceutical. On May 29, 2020 and September 9, 2020, as a part of the Kelun Research Institute Assets Transfer, Kelun Development and our Company entered into a share transfer agreement and a supplemental agreement, pursuant to which Kelun Development agreed to transfer all shares of KLUS PHARMA held by it to our Company at a consideration of US\$42.62 million, which was determined through arm’s length negotiation between the parties with reference to a valuation report issued by an Independent Third Party valuer. The consideration of the acquisition has been settled on November 30, 2020. The acquisition has been properly and legally completed and settled with applicable regulatory approvals having been obtained. As of the Latest Practicable Date, KLUS PHARMA mainly engaged in the business development of our products.

For share capital changes of our subsidiaries, see “Appendix VII – Statutory and General Information – A. Further Information about Our Group – 3. Subsidiaries of our Company and Changes in Share Capital of Our Subsidiaries.”

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PRE-[REDACTED] INVESTMENTS

Principal Terms of the Pre-[REDACTED] Investments

	Pre-Series A Financing	Series A Financing	Series B Financing
Date of agreement	May 29, 2020	March 22, 2021	January 3, 2023
Date on which the consideration was fully settled	June 1, 2020	May 7, 2021	February 10, 2023
Cost per Share	RMB3.00	RMB43.19	RMB51.70
Amount of Shares subscribed for	4,200,000	11,850,609	26,076,205 ⁽¹⁾
Funds raised by our Group	RMB12.6 million	RMB511.8 million	RMB1,348.2 million ⁽¹⁾
Post-money Valuation of our Company⁽²⁾	RMB312.6 million	RMB5.0 billion	RMB10.0 billion
Discount to the [REDACTED] of the indicative [REDACTED] range⁽³⁾	[REDACTED]%	[REDACTED]%	[REDACTED]%
Use of proceeds	We utilized the proceeds to (i) finance our R&D activities and (ii) fund our daily operations. As of the Latest Practicable Date, we had utilized all of the proceeds from the Pre-Series A Financing and Series A Financing and approximately 40% of proceeds from Series B Financing.		
Lock-up period	Pursuant to the applicable PRC law, within the 12 months following the [REDACTED], Shares issued by our Company prior to the [REDACTED] (including those held by the Pre-[REDACTED] Investors at the time of the [REDACTED]) are restricted from trading.		

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Pre-Series A Financing	Series A Financing	Series B Financing
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Strategic benefits

At the time of the Pre-[REDACTED] Investments, our Directors were of the view that (i) our Company would benefit from the additional capital provided by the Pre-[REDACTED] Investors and their knowledge and experience; and (ii) the Pre-[REDACTED] Investments demonstrated the Pre-[REDACTED] Investors’ confidence in the operation and development of our Group. Leveraging the resources provided by the Pre-[REDACTED] Investors, we are able to bring in new business opportunities.

Notes:

- (1) Excluding the amount of Shares subscribed by Kelun Pharmaceutical and the consideration paid by it under the Share Subscription by Kelun Pharmaceutical because Kelun Pharmaceutical is our promoter and we don’t regard Kelun Pharmaceutical as a pre-[REDACTED] investor of our Company. Please see “– Corporate History – Establishment and Major Shareholding Changes of Our Company – Series B Financing – Share Subscription by Kelun Pharmaceutical” above for the details of the Share Subscription by Kelun Pharmaceutical.
- (2) Post-money valuation is calculated on the basis of (a) cost per Share; and (b) the total number of Shares of our Company upon completion of the relevant round of the Pre-[REDACTED] investment. The corresponding valuation of our Company is calculated based on the proposed post-money capitalization of our Company at the time of the investments, and was determined based on, among other things, arm’s length negotiations between the relevant parties primarily taking into consideration the status and continuous development of our business and the progress in the R&D of our pipelines. The significant increase in valuation of our Company from the Pre-Series A Financing and the Series A Financing mainly reflects (i) the breakthroughs of our pipelines, including but not limited to, receiving the IND approval from the NMPA for the initiation of the global phase 1/2 clinical trial of SKB264 and the commencement of the pivotal phase 2 trial in China for A166 to treat HER2+ BC; (ii) the industry-wide increased valuation of companies with similar pipelines; and (iii) the acquisition of our subsidiaries. The increase in valuation of our Company from the Series A Financing to the Series B Financing mainly reflects (i) the breakthroughs of our pipelines; including but not limited to, the commencement of the pivotal phase 3 trial in advanced TNBC patients for SKB264 and receiving IND approvals from the NMPA and FDA for a global phase 2 basket study of SKB264 in combination with Keytruda for selected advanced solid tumors; and (ii) our collaboration with first-tier multinational pharmaceutical companies, including but not limited to, granting to MSD an exclusive, royalty-bearing and sublicensable license to develop, use, manufacture and commercialize (1) our TROP2 ADCs, including SKB264, and products containing one or more such TROP2 ADCs outside Greater China; and (2) SKB 315, our CLDN18.2 ADC, and products based on SKB315 globally. Our anticipated market capitalization immediately upon completion of the [REDACTED] has primarily taken into account entering into an exclusive license and collaboration agreement with MSD to develop up to seven preclinical ADC assets for the treatment of cancer.
- (3) The [REDACTED] to the [REDACTED] is calculated based on the foreign exchange rate as of the Latest Practicable Date and the assumption that the [REDACTED] is HK\$[REDACTED] per [REDACTED] (being the [REDACTED] of the indicative [REDACTED] range).

HISTORY AND CORPORATE STRUCTURE

Information Relating to Our Pre-[REDACTED] Investors

Our Pre-[REDACTED] Investors include certain Sophisticated Investors, such as IDG Capital, SDIC and LAV, and each Sophisticated Investor has made meaningful investment in the Company at least six months before the [REDACTED]. To the best of the Company’s knowledge, information and belief and having made all reasonable enquiries, all the Pre-[REDACTED] Investors are Independent Third Parties. The background information of our Pre-[REDACTED] Investors as of the Latest Practicable Date is set out below.

Pre-[REDACTED]

Investor	Background
Ningbo Daoyi	Ningbo Daoyi is a limited liability company established under the laws of the PRC and primarily focuses on consulting. It is wholly owned by Ms. LI Jun (李軍), an Independent Third Party.
Wealthy Linkage and Leyue Capital	Wealthy Linkage and Leyue Capital are companies incorporated in Hong Kong with limited liability and managed by IDG Capital. Founded in 1992, IDG Capital is a pioneer in introducing foreign venture capital into China. During its over 30 years of operation, IDG Capital brings a powerful combination of global perspective and local experience to investment management, and its highly skilled team has an in-depth understanding of the China market with close relationships with many successful entrepreneurs and influential business leaders. IDG Capital’s clients include both international and Chinese institutional investors, such as foundations, public and private pension funds, sovereign wealth funds and family offices. IDG Capital funds invest primarily in TMT, advanced manufacturing, clean-tech and energy, consumer and entertainment, and healthcare sectors.
FIIF II	FIIF II is a limited partnership established under the laws of the PRC. It is managed by CS Capital Co., Ltd. (國投創新投資管理有限公司) (“SDIC”). SDIC is an equity investment management institution with investments in a range of industries. SDIC and its affiliates had over RMB100 billion of assets under management. Its portfolio companies in biotech and healthcare sectors include, among others, Innovent Biologics (stock code: 1801), Ascentage Pharma (stock code: 6855), CanSino Biologics (stock code: 06185), Peijia Medical (stock code: 9996). FIIF II is a Sophisticated Investor.
LAV Kecheng and Suzhou Likang	LAV Kecheng is a company incorporated in Hong Kong with limited liability and primarily focuses on investment opportunities in biomedical and healthcare industry. LAV Kecheng is wholly owned by LAV Fund VI, L.P..

HISTORY AND CORPORATE STRUCTURE

Pre-[REDACTED]

Investor

Background

Suzhou Likang is a limited partnership incorporated under the laws of PRC and primarily focuses on the investments in healthcare area. Suzhou Likang is managed by Shanghai Liyi Investment Management Partnership (Limited Partnership) (上海禮頤投資管理合夥企業(有限合夥)) which is in turn managed by Shanghai Liyao Investment Management Co., Ltd.

Each of LAV Kecheng and Suzhou Likang is a investment arm of Lilly Asia Ventures (the “LAV”). LAV is a leading Asia-based life science investment firm with portfolios covering all major sectors of the biomedical and healthcare industry including biopharmaceuticals, medical devices, diagnostics and healthcare services.

Gao Ling Liangheng

Gao Ling Liangheng is a limited partnership established under the laws of the PRC, the general partner of which is Shenzhen Gao Ling Tiancheng Phase III Investment Co., Ltd. (深圳高瓴天成三期投資有限公司) and the investment manager of which is Zhuhai Gao Ling Equity Investment Management Co., Ltd. (珠海高瓴股權投資管理有限公司), a limited liability company established in the PRC (“**Zhuhai Gao Ling**”). Zhuhai Gao Ling partners with exceptional entrepreneurs and management teams to create value, often with a focus on innovation and growth.

MSD

MSD is a limited liability company incorporated under the laws of New Jersey, the U.S. MSD is a wholly-owned subsidiary of Merck & Co., Inc. (“**Merck**”), a company listed on the New York Stock Exchange (stock code: MRK). Merck is a global health care company that delivers innovative health solutions through its prescription medicines, vaccines, biologic therapies and animal health products and thus a Sophisticated Investor. From developing new therapies that treat and prevent disease to helping people in need, Merck is committed to improving health and well-being around the world. The principal business of MSD is the same as Merck.

Kexin Lunda and
Cinda Capital

Kexin Lunda is a limited partnership established under the laws of the PRC and primarily focuses on own funds investment. Cinda Capital is a limited liability company established under the laws of the PRC and primarily focuses on investment management. The beneficial owner of Kexin Lunda and Cinda Capital is China Cinda Asset Management Co., Ltd., a company listed on the Stock Exchange (Stock Code: 01359 and 04621 (preference shares)).

HISTORY AND CORPORATE STRUCTURE

Pre-[REDACTED]

Investor

Background

Anling Weijian	Anling Weijian is a limited partnership established under the laws of the PRC and primarily focuses on equity investment. Hainan Zhumei Private Equity Fund Management Partnership (Limited Partnership) (海南鑄美私募基金管理合夥企業(有限合夥)) is the general partner of Anling Weijian.
BOSC Xingling	BOSC Xingling is a limited partnership established under the laws of the PRC and primarily focuses on equity investment. BOSC International Equity Investment Fund Management (Shenzhen) Co., Ltd (上銀國際股權投資基金管理(深圳)有限公司) is the general partner of BOSC Xingling.
Gygnus Real	Gygnus Real is a limited company incorporated in the British Virgin Islands and is wholly-owned by Sherpa Healthcare Fund II, L.P., which is controlled by CAI Daqing. Gygnus Real and its affiliates are Sophisticated Investors specializing in investments in the healthcare sector.
Chengdu Wenjiang Emerging Industry Venture and Wutong Juke	<p>Chengdu Wenjiang Emerging Industry Venture is a limited partnership established under the laws of the PRC and primarily focuses on equity investment. Chengdu Guanghua Wutong Equity Investment Fund Management Co., Ltd. (成都光華梧桐股權投資基金管理有限公司) is the general partner of Chengdu Wenjiang Emerging Industry Venture.</p> <p>Wutong Juke is a limited partnership established under the laws of the PRC and primarily focuses on equity investment. Mr. Wang Fei, an Independent Third Party of the Company, is the general partner of Wutong Juke. Chengdu Wenjiang Emerging Industry Venture is one of its limited partners.</p> <p>The beneficial owner of Chengdu Wenjiang Emerging Industry Venture and Wutong Juke is Bureau of State-owned Assets Supervision and Administration of Wenjiang District of Chengdu (成都市溫江區國有資產監督管理局).</p>
Yunqi Xinneng and ZHOU Youcai	Yunqi Xinneng is a limited partnership established under the laws of the PRC and primarily focuses on consulting and investment. Shenzhen Yunqi Private Equity Investment Fund Management Co., Ltd (深圳雲起私募股權投資基金管理有限公司) is the general partner of Yunqi Xinneng. Mr. ZHOU Youcai is the sole limited partner of Yunqi Xinneng holding approximately 99.95% interest in Yunqi Xinneng and an Independent Third Party.
Longyi Technology	Longyi Technology a limited company established under the laws of the PRC and primarily focuses on the wholesale of traditional Chinese and western medical products. It is owned as to 70% by Mr. Li Baiting (李柏廷) and 30% by Ms. Yang Lu (楊路), both of whom are Independent Third Parties of the Company.

HISTORY AND CORPORATE STRUCTURE

Special Rights of the Pre-[REDACTED] Investors

Pursuant to the shareholders’ agreement entered into by our Shareholders dated January 3, 2023, the Pre-[REDACTED] Investors were granted certain special rights, including, amongst others, redemption right, preemptive right, right of first refusal, co-sale right, liquidation preference and anti-dilution right. All these special rights had been terminated upon the submission of the application by our Company to the CSRC for the [REDACTED] and [REDACTED] on February 15, 2023. The above special rights shall be resumed if (i) the [REDACTED] fails to be consummated with twelve (12) months from February 15, 2023 or (ii) the Company voluntarily withdraws the application for the [REDACTED] and [REDACTED].

Compliance with Interim Guidance and Guidance Letters

On the basis that (i) the consideration for Pre-Series A Financing and Series A Financing was settled more than 28 clear days before the date of first submission of the [REDACTED] application to the Stock Exchange; (ii) the consideration for Series B Financing was settled no less than 120 clear days before the [REDACTED]; and (iii) the special rights granted to the Pre-[REDACTED] Investors had been terminated upon the submission to the CSRC of the [REDACTED] application for the [REDACTED], the Joint Sponsors confirm that the Pre-[REDACTED] Investments are in compliance with the Interim Guidance on Pre-[REDACTED] Investments (HKEx-GL29-12) issued on January 2012 and updated in March 2017 by the Stock Exchange and the Guidance on Pre-[REDACTED] Investments (HKEx-GL43-12) issued on October 2012 and updated in July 2013 and in March 2017 by the Stock Exchange.

Public Float

Following the completion of the [REDACTED], 149,589,850 Domestic Shares held by existing domestic Shareholders and 5,548,478 Unlisted Foreign Shares held by existing foreign Shareholders will not be converted into H Shares and [REDACTED], and thus will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules. For details of the conversion of our Domestic Shares and Unlisted Foreign Shares into H Shares before the [REDACTED], see “– Shareholding Structure of our Company as at the [REDACTED]” below.

Since the Employee Incentive Platforms are close associates of our Controlling Shareholder and therefore are core connected persons of our Company, 9,000,000 H Shares to be converted from Domestic Shares held by the Employee Incentive Platforms will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules upon the [REDACTED]. As Dr. WANG Jingyi is a Director of our Company, the 2,850,000 H Shares to be converted from Domestic Shares held by him will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules upon the [REDACTED].

HISTORY AND CORPORATE STRUCTURE

Save as disclosed above, to the best of our Director’s knowledge, no other Shareholders (i) is a core connected person of the Group; (ii) has been financed directly or indirectly by a core connected person of the Group for the [REDACTED] of Shares; or (iii) is accustomed to take instructions from a core connected person of the Group in relation to the acquisition, disposal, voting or other disposition of the Shares registered in his/her/its name or otherwise held by him/her/it.

According to the applicable PRC Laws, within 12 months after the [REDACTED], all existing Shareholders of our Company will not be able to sell any share held by them.

Immediately upon completion of the [REDACTED], assuming that (i) [REDACTED] H Shares are issued to the public Shareholders in the [REDACTED]; (ii) the [REDACTED] is not exercised; (iii) 19,620,539 Domestic Shares and 18,623,632 Unlisted Foreign Shares will be converted to H Shares; (iv) based on an [REDACTED] of HK\$[REDACTED] per H Share (being the [REDACTED] of the indicative [REDACTED] range), an aggregate of [REDACTED] H Shares representing approximately [REDACTED]% of our [REDACTED] Shares with a [REDACTED] of substantially over HK\$375 million will be held by the public in accordance with 8.08(1)(a) and 18A.07 of the Listing Rules. As a result, over 25% of our Company’s total issued Shares with a [REDACTED] of substantially over HK\$375 million will be held by the public upon completion of the [REDACTED] in accordance with Rules 8.08(1)(a) and 18A.07 of the Listing Rules.

ACQUISITIONS, MERGERS AND DISPOSALS

We have not conducted any acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date that we consider to be material to us.

SPIN-OFF

Kelun Pharmaceutical, our Controlling Shareholder, is a company listed in the PRC. The [REDACTED] of our Company constitutes a spin-off from a domestic listed company (the “Spin-Off”) as defined under the Spin-off Rules. The Spin-Off has been approved by the shareholders of Kelun Pharmaceutical at an extraordinary general meeting held on January 30, 2023. Kelun Pharmaceutical filed the relevant announcements related to the Spin-Off with the Shenzhen Stock Exchange on January 14, 2023.

REASON FOR THE [REDACTED]

Our Company is seeking a [REDACTED] of its H Shares on the Stock Exchange in order to provide further capital for its R&D, manufacturing and commercialization of innovative therapies to address significant unmet medical needs in China and globally, as described in more details in “Future Plans and [REDACTED]” in this document.

HISTORY AND CORPORATE STRUCTURE

SHAREHOLDING STRUCTURE OF OUR COMPANY AS AT THE [REDACTED]

Insofar as our Directors are aware, immediately following the completion of the [REDACTED] and Conversion of Domestic Shares and Unlisted Foreign Shares into H Shares (assuming the [REDACTED] is not exercised), the following table sets forth the details of the Shares to be held by our Shareholders as at the [REDACTED]:

Shareholder	Class of Shares	Number	Percentage in our total issued share capital
<i>Controlling Shareholders</i>			
Kelun Pharmaceutical	Domestic Shares	115,555,685	[REDACTED]%
<i>Employee Incentive Platforms</i>			
Kelun Huicai	Domestic Shares	5,250,000	[REDACTED]%
	H Shares converted from Domestic Shares	2,250,000	[REDACTED]%
Kelun Huineng	Domestic Shares	5,250,000	[REDACTED]%
	H Shares converted from Domestic Shares	2,250,000	[REDACTED]%
Kelun Huizhi	Domestic Shares	5,250,000	[REDACTED]%
	H Shares converted from Domestic Shares	2,250,000	[REDACTED]%
Kelun Huide	Domestic Shares	5,250,000	[REDACTED]%
	H Shares converted from Domestic Shares	2,250,000	[REDACTED]%
<i>Director</i>			
WANG Jingyi	Domestic Shares	2,850,000	[REDACTED]%
	H Shares converted from Domestic Shares	2,850,000	[REDACTED]%
<i>Pre-[REDACTED] investors</i>			
MSD	H Shares converted from Unlisted Foreign Shares	13,443,693	[REDACTED]%
Wealthy Linkage ⁽¹⁾	Unlisted Foreign Shares	3,633,914	[REDACTED]%
	H Shares converted from Unlisted Foreign Shares	3,633,914	[REDACTED]%
Leyue Capital ⁽¹⁾	Unlisted Foreign Shares	1,008,276	[REDACTED]%
	H Shares converted from Unlisted Foreign Shares	1,008,277	[REDACTED]%
FIIF II	Domestic Shares	7,144,177	[REDACTED]%

HISTORY AND CORPORATE STRUCTURE

Shareholder	Class of Shares	Number	Percentage in our total issued share capital
Ningbo Daoyi	H Shares converted from Domestic Shares	4,200,000	[REDACTED]%
Kexin Lunda ⁽²⁾	Domestic Shares	1,160,506	[REDACTED]%
	H Shares converted from Domestic Shares	1,160,506	[REDACTED]%
Cinda Capital ⁽²⁾	H Shares converted from Domestic Shares	386,835	[REDACTED]%
LAV Kecheng ⁽³⁾	Unlisted Foreign Shares	771,852	[REDACTED]%
Suzhou Likang ⁽³⁾	Domestic Shares	385,926	[REDACTED]%
Anling Weijian	Domestic Shares	967,088	[REDACTED]%
BOSC Xingling	H Shares converted from Domestic Shares	734,987	[REDACTED]%
Gygnus Real	Unlisted Foreign Shares	134,436	[REDACTED]%
	H Shares converted from Unlisted Foreign Shares	537,748	[REDACTED]%
Wutong Juke ⁽⁴⁾	Domestic Shares	410,690	[REDACTED]%
	H Shares converted from Domestic Shares	205,345	[REDACTED]%
Chengdu Wenjiang Emerging Industry Venture ⁽⁴⁾	H Shares converted from Domestic Shares	386,835	[REDACTED]%
ZHOU Youcai	H Shares converted from Domestic Shares	386,835	[REDACTED]%
Gao Ling Liangheng	Domestic Shares	115,778	[REDACTED]%
	H Shares converted from Domestic Shares	115,778	[REDACTED]%
Longyi Technology	H Shares converted from Domestic Shares	193,418	[REDACTED]%
<i>Others</i>			
Other [REDACTED]	H Shares issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Subtotal	Domestic Shares	149,589,850	[REDACTED]%
	Unlisted Foreign Shares	5,548,478	[REDACTED]%
	H Shares	[REDACTED]	[REDACTED]%
Total		<u>[REDACTED]</u>	<u>100.00%</u>

HISTORY AND CORPORATE STRUCTURE

Notes:

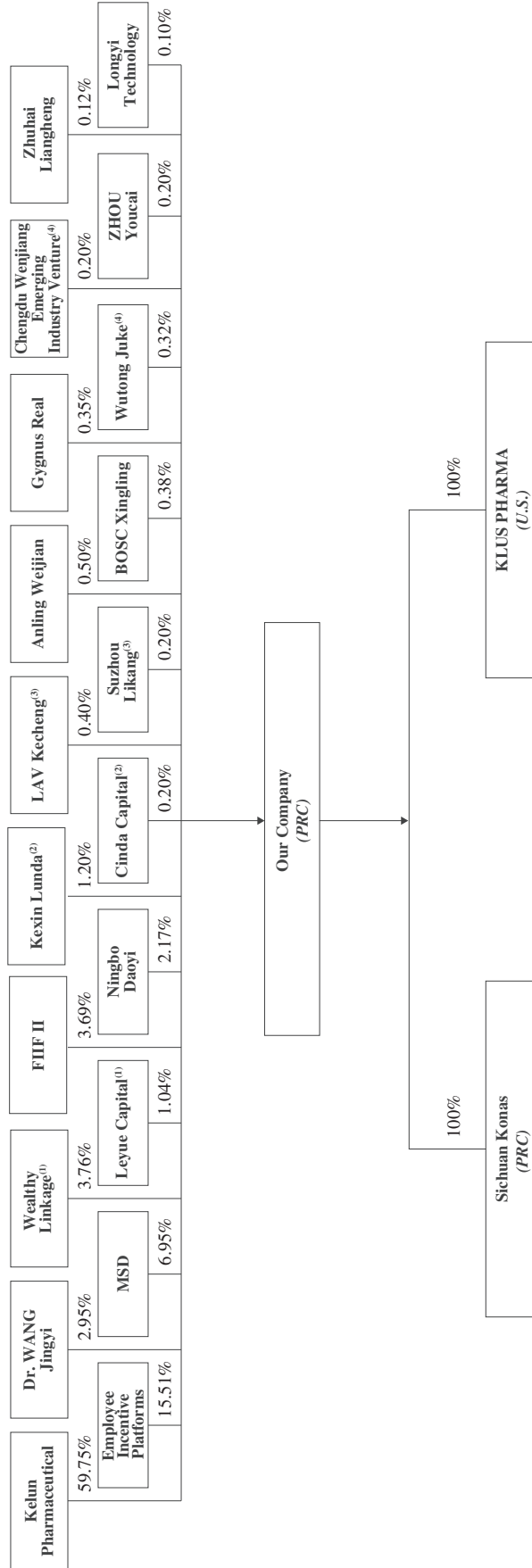
- (1) Wealthy Linkage and Leyue Capital are companies managed by IDG Capital. For more details on Wealthy Linkage and Leyue Capital, see “– Pre-[REDACTED] Investments – Information Relating to Our Pre-[REDACTED] Investors”.
- (2) The beneficial owner of Kexin Lunda and Cinda Capital is China Cinda Asset Management Co., Ltd. (Stock Code: 01359 and 04621 (preference shares)). For more details on Kexin Lunda and Cinda Capital, see “– Pre-[REDACTED] Investments – Information Relating to Our Pre-[REDACTED] Investors”.
- (3) Each of LAV Kecheng and Suzhou Likang is a investment arm of Lilly Asia Ventures. For more details on LAV Kecheng and Suzhou Likang, see “– Pre-[REDACTED] Investments – Information Relating to Our Pre-[REDACTED] Investors”.
- (4) The beneficial owner of Chengdu Wenjiang Emerging Industry Venture and Wutong Juke is Bureau of State-owned Assets Supervision and Administration of Wenjiang District of Chengdu (成都市溫江區國有資產監督管理局). For more details on Chengdu Wenjiang Emerging Industry Venture and Wutong Juke, see “– Pre-[REDACTED] Investments – Information Relating to Our Pre-[REDACTED] Investors”.

HISTORY AND CORPORATE STRUCTURE

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Immediately Prior to the [REDACTED]

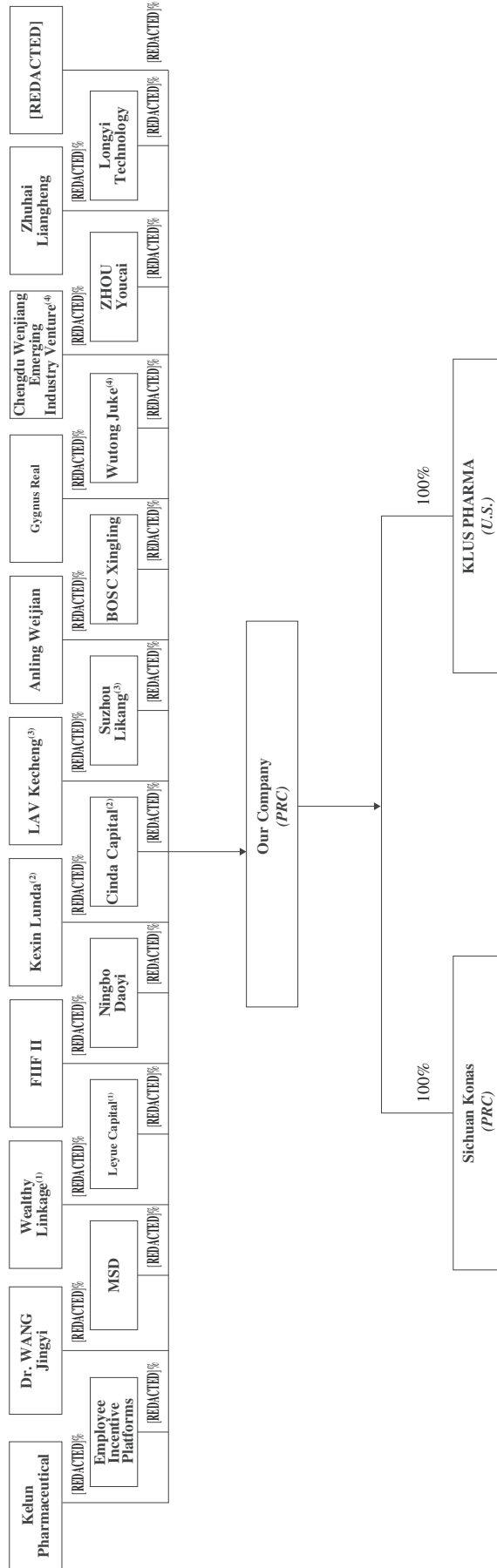
Our corporate and shareholding structure immediately prior to the completion of the [REDACTED] is as follows:



HISTORY AND CORPORATE STRUCTURE

Immediately Following the [REDACTED]

The following chart sets forth our corporate and shareholding structure upon the completion of the [REDACTED], assuming the [REDACTED] is not exercised:



Notes:

- (1) Wealthy Linkage and Leyue Capital are companies managed by IDG Capital. For more details on Wealthy Linkage and Leyue Capital, see “– Pre-[REDACTED] Investments – Information Relating to Our Pre-[REDACTED] Investors”.
- (2) The beneficial owner of Kexin Lunda and Cinda Capital is China Cinda Asset Management Co., Ltd. (Stock Code: 01359 and 04621 (preference shares)). For more details on Kexin Lunda and Cinda Capital, see “– Pre-[REDACTED] Investments – Information Relating to Our Pre-[REDACTED] Investors”.
- (3) Each of LAV Kecheng and Suzhou Likang is a investment arm of Lilly Asia Ventures. For more details on LAV Kecheng and Suzhou Likang, see “– Pre-[REDACTED] Investments – Information Relating to Our Pre-[REDACTED] Investors”.
- (4) The beneficial owner of Chengdu Wenjiang Emerging Industry Venture and Wutong Juke is Bureau of State-owned Assets Supervision and Administration of Wenjiang District of Chengdu (成都市温江区国有资产监督管理局). For more details on Chengdu Wenjiang Emerging Industry Venture and Wutong Juke, see “– Pre-[REDACTED] Investments – Information Relating to Our Pre-[REDACTED] Investors”.