Application Proof of

ImmuneOnco Biopharmaceuticals (Shanghai) Inc.
宜明昂科生物醫藥技術(上海)股份有限公司

(the "**Company**")

(a joint stock company incorporated in the People's Republic of China with limited liability)

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宜明昂科
ImmuneOnco

ImmuneOnco Biopharmaceuticals (Shanghai) Inc.
宜明昂科生物醫藥技術(上海)股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

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Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation)**
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[REDACTED]

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[REDACTED]

EXPECTED TIMETABLE[(1)]

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EXPECTED TIMETABLE[1]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to **[REDACTED]** *in the* **[REDACTED]**.

There are risks associated with any **[REDACTED]**. *Some of the particular risks in* **[REDACTED]** *in the* **[REDACTED]** *are set out in "Risk Factors."* ***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.*** *You should read that section carefully before you decide to* **[REDACTED]** *in the* **[REDACTED]**.

OVERVIEW

We are a clinical-stage biotechnology company dedicated to the development of innovative immuno-oncology therapies. We were established in the PRC in June 2015. We are one of the few biotechnology companies globally adopting a systematic approach to harness both the innate and adaptive immune systems for the treatment of cancer. Currently approved immunotherapies primarily focus on the adaptive immune system and are often confronted with limited clinical benefits due to low response rates and inevitable drug resistance and/or relapse in many cancer indications. Harnessing both the innate and adaptive immune systems allows us to overcome the limitations of current T-cell-based immunotherapies and address significant unmet medical needs of cancer patients. We have developed a robust pipeline of over ten innovative drug candidates with eight ongoing clinical programs, anchored by a deep and broad innate-immunity-based asset portfolio. Our Core Product, IMM01, is a next-generation clinical-stage CD47-targeted molecule intended to treat various hematologic malignancies, including myelodysplastic syndromes (MDS), acute myeloid leukemia (AML), chronic myelomonocytic leukemia (CMML) and classical Hodgkin lymphoma (cHL), and solid tumors, including among others, non-small cell lung cancer (NSCLC), small cell lung cancer (SCLC), head and neck squamous cell carcinomas (HNSCC) and colorectal cancer (CRC), in combination with other agents. With the differentiated molecule design, IMM01 has shown a favorable safety profile and demonstrated its ability to potently activate macrophages. IMM01 is designated as a Category I innovative drug in accordance with the requirements and classification promulgated under the Drug Administrative Law and relevant regulations and measures. We believe that the introduction of these novel innate immunity-targeted drug candidates into the field of cancer immunotherapy will further lead to robust and durable treatment responses in cancer treatment.

WE MAY NOT ULTIMATELY BE ABLE TO DEVELOP OR MARKET OUR CORE PRODUCT SUCCESSFULLY.

Our Key Products, namely IMM0306 (CD47×CD20), IMM2902 (CD47×HER2) and IMM2520 (CD47×PD-L1), are three CD47-based bispecific molecules. Both of IMM0306 and IMM2902 are the first bispecific molecules with their respective targets globally to enter clinical trials. IMM2520 is also a highly differentiated molecule with the potential to treat a broad spectrum of cancers and has demonstrated promising efficacy targeting solid tumors in preclinical studies. In addition, our pipeline also includes ten other drug candidates that address key innate and adaptive immune targets at various development stages, including CD24 antibody, CD24-targeted bispecific molecules, and three clinical and IND stage adaptive immunity-based drug assets. Our pipeline reflects our deep insight into the frontiers of cancer biology and immunology, and our expertise in turning scientific research into promising drug candidates. Our founder, Dr. Wenzhi Tian, began to explore the therapeutic potential of CD47 blockade in 2010, long before this innate immune checkpoint became widely recognized and clinically validated in the biopharmaceutical industry. Based on our comprehensive understanding of the biology underlying CD47-SIRPα interaction and its potential synergy with other tumor targets and/or

immune checkpoints, we have built a differentiated CD47-based portfolio with favorable safety and promising efficacy profiles since our inception in 2015. In addition to CD47, we have selected and validated another promising innate immune checkpoint, CD24, in recent years. Around CD24, we are developing one IND-enabling-stage and several discovery- and preclinical-stage drug candidates, each with the potential to become the first of its class to enter into clinical stage around the world. Moreover, we are also developing drug candidates that target other promising innate and adaptive immune checkpoints, including IL-8, NKG2A and PSGL-1, to maximize the clinical and commercial value of our platform.

Our continuous innovation is driven by an experienced and stable R&D team led by Dr. Tian. Core members of our R&D team have been working with Dr. Tian for over 10 years and possess multi-disciplinary expertise in drug discovery, design and development. Emulating the "Quality-by-Design (QbD)" concept that is intended to improve drug product quality by using analytical and risk-management methodologies, we created the "Drug-by-Design (DbD)" concept that emphasizes the fundamental role of molecule design rationale in the process of large molecule drug development. This concept requires that the structure of every drug molecule be deliberately designed with a sound scientific rationale predicated on target-specific biological functions and validated in preclinical studies. Under the guidance of our "DbD" concept and the leadership of Dr. Tian, we have built a fully-integrated R&D platform. It features our proprietary technologies and know-how (including our mAb-Trap bispecific antibody platform technology) and encompasses all key functionalities throughout the innovative drug development process.

Our Business Model

Our core business model is to in-house discover, develop and commercialize next-generation immuno-oncology therapies to address significant unmet medical needs. To complement our internal efforts, we may also collaborate with third parties on the clinical development and commercialization of our drug candidates to better capture regional and global market opportunities through out-licensing, co-commercialization or other strategic collaborations. We are collaborating with Sunshine Guojian to conduct clinical trials evaluating a combination therapy using CIPTERBIN® (inetetamab, a HER2 mAb) and IMM01 for HER2-positive solid tumors in mainland China, and Sunshine Guojian will drive and fund relevant clinical trials. For details, please refer to the paragraphs headed "Business — Collaboration Agreements" in this document.

Our Pipeline

We have established a comprehensive pipeline of over ten drug candidates targeting critical innate and adaptive immune checkpoints, including six in clinical stage, one in IND stage and one in IND-enabling stage, with eight ongoing clinical programs, five IND/IND-enabling-stage programs, and multiple in discovery and preclinical stage. We and our key R&D personnel have self-developed each of our Core Product, Key Products and other pipeline product candidates, except that our Core Product, IMM01, was discovered, designed and initially developed by two of our current key R&D personnel before the founding of our Company. The following chart summarizes the development status of our selected drug candidates as of the Latest Practicable Date:

	Program	Target (Modality)	Indication(s)	Discovery	Preclinical	IND/IND-Enabling	Phase Ia/I	Phase Ib/II	Phase III/Pivotal	Current Status / Upcoming Milestone[1]	Commercial Rights
Innate Immunity	**IMM01**	CD47 (SIRPα-Fc fusion protein)									
	IMM01 + Azacitidine		MDS, AML, CMML[2]	China (NMPA)						Phase Ib/II commenced in January 2022; expect to initiate pivotal trial in Q4 2023	Global
	IMM01 + Tislelizumab	CD47+PD-1	cHL, Solid tumor	China (NMPA)						Phase Ib/II commenced in May 2022; expect to initiate pivotal trial in Q3 2024[3]	Global
	IMM01 + Inetetamab	CD47+HER2	HER2-positive solid tumors	China (NMPA)[4]						Phase Ib/II IND approved	Global
	IMM01 + Bortezomib + Dexamethasonum	CD47	MM	China (NMPA)						Phase Ib/IIa IND approved	Global
	IMM0306 Monotherapy	CD47xCD20 (Bispecific)	Indolent B-NHL	China (NMPA), US (FDA)						Phase IIa commenced in March 2023 in China; IND approved in the U.S.	Global
	IMM0306 + Lenalidomide	CD47xCD20 (Bispecific)	B-NHL	China (NMPA)						Phase Ib/IIa IND approved	Global
	IMM2902	CD47xHER2 (Bispecific)	HER2-positive and low-expressing solid tumors	China (NMPA), US (FDA)						Phase I commenced in February 2022 in China and in June 2022 in the U.S.; expect to largely complete Phase Ia trials in China and the U.S. in 2023	Global
	IMM2520	CD47xPD-L1 (Bispecific)	Solid tumors	China (NMPA), US (FDA)						IND approved in China and the U.S. in Q4 2022; Phase I commenced in China in March 2023	Global
	IMM47	CD24 (mAb)	Solid tumors	China (NMPA), US (FDA)						IND-enabling; expect to enter into clinical trials in mid-2023	Global
	IMM4701	CD47xCD24 (Bispecific)	Solid tumors							CMC	Global
	IMM2547[5]	CD24xPD-L1 (Bispecific)	Solid tumors							Discovery	Global
	IMM51[5]	IL-8 (mAb)	Solid tumors							Preclinical	Global
	IMM38[5]	Undisclosed	Solid tumors							Preclinical	Global
	IMM50[5]	Undisclosed	Solid tumors							Discovery	Global
	IMM62[5]	Undisclosed	Solid tumors							Discovery	Global
Adaptive Immunity	**IMM2510**	VEGFxPD-L1 (Bispecific)	Solid tumors	China (NMPA)						Phase I commenced in August 2021 and 8th cohort ongoing in China; expect to complete Phase I in mid-2023	Global
	IMM27M	CTLA-4 ADCC+ (mAb)	Solid tumors	China (NMPA)						Phase I commenced in June 2022 in China; expect to complete in mid-2023; IND approved in China for Phase Ib/II trial for its combination with a PD-1 antibody[6]	Global
	IMM40H	CD70 (mAb)	Liquid/Solid tumors	China (NMPA), US (FDA)						IND approved in China and the U.S. in August 2022	Global

★ Core Product ▲ Key Product

Innate Immunity Targets | Innate and Adaptive Immunity Targets | Adaptive Immunity Targets

Notes:

(1) Expected completion date for Phase Ia/I trial refers to the time when RP2D can be determined, and expected completion date for Phase Ib/II trial refers to the time when top-line data is available for regulatory discussions. Follow-up period required would not delay the initiation of the next phase clinical trials, and is thus not considered.

(2) The cohort-expansion trials of this combination are mainly designed to target the first-line treatment of higher-risk MDS (patients who fall into higher-risk group categories in the original or revised International Prognostic Scoring System), unfit AML (individuals of older age with AML who are considered not eligible for intensive treatment approaches), and CMML. Particularly, we plan to seek an accelerated marketing approval through relatively small sample size studies targeting the first-line treatment of CMML, a rare type of disease with highly unmet medical needs.

(3) In July 2022, we obtained the NMPA's consent for adding R/R cHL as an additional expansion cohort into the ongoing combination trial of IMM01 and tislelizumab. We dosed the first patient with R/R cHL in China in January 2023.

*(4) The clinical trial is led and funded by Sunshine Guojian Pharmaceutical (Shanghai) Co., Ltd. ("**Sunshine Guojian**"). As denoted by the dotted line, Sunshine Guojian and us have obtained an IND approval for a Phase Ib/II trial of this combination therapy from the NMPA in August 2021, and therefore the parties can skip the Phase Ia stage and directly initiate a Phase Ib/II trial.*

(5) We will continue to conduct preclinical studies for IMM2547, IMM51, IMM38, IMM50 and IMM62, including cell line development, in vivo studies and further evaluation.

(6) We are currently conducting the Phase I trial for IMM27M monotherapy, and have obtained the IND approval for a Phase Ib/II trial for its combination with a PD-1 antibody.

* *Currently we have several other drug candidates in preclinical stage and plan to further develop these candidates through collaboration, such as IMM2518, a second-generation VEGF×PD-L1 bispecific molecule and IMM5601, a CD47×CD38 bispecific molecule.*

Abbreviations: MDS refers to myelodysplastic syndrome; AML refers to acute myeloid leukemia; CMML refers to chronic myelomonocytic leukemia; MM refers to multiple myeloma; B-NHL refers to B-cell non-Hodgkin lymphoma; cHL refers to classical Hodgkin lymphoma; IND refers to investigational new drug; CMC refers to chemistry, manufacturing, and controls; ADCC refers to antibody-dependent cellular cytotoxicity.

Source: Company Data

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

Our Core Product and Key Products

Our Core Product — IMM01 (SIRPα-Fc fusion protein)

IMM01, our Core Product, is a next-generation CD47-targeted molecule. It is the first SIRPα-Fc fusion protein to enter into clinical stage in China. IMM01 is being developed for the treatment of various hematologic malignancies and solid tumors in combination with other agents. We (i) have completed the Phase I dose-escalation study of IMM01 in relapsed or refractory (R/R) lymphoma patients, (ii) have completed a Phase Ib trial to evaluate IMM01 in combination with azacitidine for the treatment of R/R MDS and R/R AML, and initiated a Phase II trial mainly for the first-line treatment of higher-risk (HR) MDS, unfit AML and CMML in June 2022, and (iii) initiated a Phase Ib/II clinical trial to evaluate IMM01 in combination with tislelizumab in May 2022 for the treatment of solid tumors, including among others, NSCLC, SCLC, HNSCC and CRC, which are all advanced solid tumors that failed to respond to or relapsed from the standard of care such as PD-1/PD-L1 inhibitors, as well as R/R cHL. We have also obtained an IND approval for the Phase Ib/IIa clinical trial to evaluate the combination of IMM01 with bortezomib and dexamethasonum for the treatment of multiple myeloma (MM) from the NMPA in January 2023. With encouraging efficacy and favorable safety in monotherapy clinical trials and robust preclinical data of its combination studies, IMM01 is expected to achieve strong synergistic effects used in combination with other cancer agents.

IMM01 designed with IgG1 Fc can fully activate macrophages via a dual mechanism — simultaneously blocking the "don't eat me" signal by disrupting CD47/SIRPα interaction and delivering the "eat me" signal through the engagement of activating Fcγ receptors on macrophages. Furthermore, the CD47-binding domain of IMM01 was specifically engineered to avoid human red blood cell (RBC) binding. With the differentiated molecule design, IMM01 has achieved a favorable safety profile and demonstrated its ability to potently activate macrophages. Among numerous drug developers of CD47-targeted molecules globally, we are one of the only two companies to have observed complete response (CR) in monotherapy clinical trials with a well tolerated safety profile, according to Frost & Sullivan. For the details on the mechanism of action, please refer to the paragraphs headed "Business — Our Innate Immune Checkpoint-Targeted Drug Candidates — IMM01 — Mechanism of Action." IMM01 was discovered, designed and developed by key R&D personnel of our Company when they worked at their respective former employers. We acquired full ownership and related interests in IMM01 after our establishment in 2015, and since then we have continued the preclinical research and are conducting clinical trials to develop IMM01 with our internal team and resources during the Track Record Period and up to the Latest Practicable Date. We are the sole owner of the intellectual property rights and global commercial rights in relation to IMM01.

The currently approved immunotherapies primarily target T-cell immune checkpoints, including PD-1/PD-L1, CTLA-4 and LAG-3. However, only about 10% to 25% of patients across almost all major cancer types can benefit from PD-1/PD-L1 monotherapy treatment. To overcome the limitations of the current immunotherapies, mounting research highlights the potential to deploy innate immunity-targeted strategies for the treatment of a wide range of cancer indications. Among those, the CD47/SIRPα pathway has been clinically validated and became one of the most attractive next-generation cancer immunotherapeutic targets.

Given the potential broad-spectrum clinical application of CD47/SIRPα-targeted therapies, this new class of therapies presents vast market opportunities globally. 52 CD47/SIRPα-targeted drug candidates are currently under clinical development in China and globally, including fusion proteins, monoclonal antibodies, and bispecific molecules by 23 drug developers in China and 22 worldwide outside of China. According to Frost & Sullivan, the global market size of

CD47/SIRPα-targeted therapies is expected to reach US$13.1 billion and US$33.7 billion in 2030 and 2035, respectively. China's CD47/SIRPα-targeted therapy market is expected to grow to US$2.3 billion in 2030 and US$6.4 billion in 2035, with a higher growth rate compared to that of the global market. The prospect promised by CD47-targeted therapies was also validated by several multi-billion dollar take-over transactions of CD47 focused biotechnology companies as well as licensing deals for CD47-targeted agents backed by leading multinational pharmaceutical companies, including Gilead, Pfizer and AbbVie. According to Frost & Sullivan, as of the Latest Practicable Date, there were no commercialized CD47/SIRPα-targeted drugs globally. Barriers to the design and development of effective and safe CD47-targeted drugs include blood toxicity, antigenic sink, Fc isotype selection and resulting efficacy, as well as T-cell toxicity. Failures to overcome these barriers may result in compromised efficacy, drug resistance and severe side effects. For details, please refer to the paragraphs headed "Industry — Promising Immunotherapies Targeting Innate Immune Checkpoints — Overview of CD47/SIRPα-targeted Drugs — Scientific barriers to CD47/SIRPα-targeted drug development." To address these potential issues, we carefully designed IMM01 with the specific engineered CD47-binding domain and IgG1 Fc to achieve enhanced efficacy balanced with well-tolerated safety profile.

Monotherapy

IMM01 single agent has demonstrated encouraging results in safety and efficacy in our Phase I dose-escalation study targeting R/R lymphoma. Among 27 evaluable patients receiving 0.003 mg/kg to 2.0 mg/kg IMM01 in the dose-escalation study, two patients achieved complete response (2 CRs), one achieved partial response (1 PR), and 13 achieved stable disease (13 SDs) (including six cases with substantial tumor shrinkage observed). Among the six patients receiving an RP2D dose of 2.0 mg/kg in this monotherapy clinical trial, one achieved complete response (1 CR), and four achieved stable disease (4 SDs), resulting in a disease control rate (DCR) of 83% in these previously heavily pre-treated R/R lymphoma patients. CR observed in one of the evaluable patients lasted for 4.9 months before it turned into a progressive disease (PD) because of new lesions and this patient was under continued treatment for another 2.5 months subsequently. Another patient achieved CR after 14 cycles of treatment. As of August 30, 2022, data obtained from the Phase I study has demonstrated that IMM01 monotherapy was well tolerated and safe up to 2.0 mg/kg. The majority of treatment-related adverse events (TRAEs)[1] observed were Grade 1 or 2. Blood toxicity events with occurrence rate of 40% or above at all grades included positive of anti-erythrocyte antibody (59%), leukopenia (55%), hemolysis (52%), thrombocytopenia (45%), hypertriglyceridemia (45%), anemia (45%), neutropenia (41%) and neutrocytosis (41%). Grade 3 or above TRAEs of IMM01 mainly included leukopenia (7%), thrombocytopenia (10%), anemia (14%) and neutropenia (3%)[2].

Combination of IMM01 and azacitidine

We are evaluating the combination of IMM01 and azacitidine for the first-line treatment of HR MDS, unfit AML, and CMML. Upon completion of the Phase Ib trial, we initiated a Phase II cohort expansion trial of IMM01 and azacitidine mainly for the first-line treatment of HR MDS, unfit AML and CMML in China in June 2022. Particularly, we plan to seek an accelerated

Notes: (1) Denotes TRAEs above 10%. (2) As illustrated in various studies, IMM01 would not bind with CD47 expressed on RBCs *in vitro*. This is largely because the glycosylation profiles of CD47 expressed on RBCs is distinctive from those expressed on tumor cells, and the CD47-binding domain of IMM01 is specifically modified to avoid binding with CD47 expressed on normal RBCs. However, in human body, although bloodstream is mostly floated with healthy RBCs, there are aging RBCs that may be found stuck on the walls of blood vessels. The glycosylation profiles of healthy RBCs and aging RBCs vary substantially, while aging RBCs often are poorly glycosylated and thus may not completely fend off the binding with IMM01. This difference in glycosylation profiles would likely cause IMM01 to bind with certain aging RBCs that are stuck on the walls of blood vessels in clinical trials, which only account for limited proportion in blood samples taken and tested *in vitro*, thus causing certain adverse effects, although most of the adverse events observed were Grade 1 or 2. This is also the rationale behind Gilead's "priming dose" design, allowing CD47 antibody to first bind with and deplete aging RBCs with an initial low dose. The decrease in platelets and hemoglobin observed in our trial was also transient, which amount would steadily recover to normal level post dosing. In addition, no drug-related agglutination, hemolytic anemia, or severe anemia was observed.

marketing approval through relatively small sample size studies targeting the first-line treatment of CMML, a rare type of disease with highly unmet medical needs. Subject to the clinical results of Phase II trial, we expect to commence a pivotal trial in China in the fourth quarter of 2023. According to Frost & Sullivan, the total incidence of MDS/CMML and AML was 460.6 thousand and 53.3 thousand in 2021 globally and in China, respectively, and is expected to increase to 547.7 thousand and 61.6 thousand in 2030 globally and in China, respectively. MDS/CMML and AML are two types of hematologic cancers that lack effective options for first-line treatments as current first-line treatments are still limited to conventional chemotherapy. Please refer to "Industry Overview — Selected Indications Analysis — Hematologic Malignancies" for further details on current treatment paradigm and unmet medical needs of MDS/CMML and AML.

As validated by multiple publicly reported clinical trials, the combination of CD47-targeted therapies and azacitidine can generate synergistic tumor-killing effects. However, since azacitidine also induces blood toxicity, its combination with CD47 antibodies (which also cause blood toxicity) may lead to exacerbated blood toxicity and serious safety issues. In contrast, based on the initial data from our ongoing Phase Ib/II clinical trial, IMM01 presents strong potential to be a combination partner with azacitidine because of its dual mechanisms and favorable safety profile. IMM01 is also safer than CD47 antibodies partly due to the significantly lower dose required (2.0 mg/kg), as compared to the typical dose of 30.0 to 45.0 mg/kg required for CD47 antibodies.

Interim data as of February 10, 2023 from the Phase Ib/II clinical trial has demonstrated favorable safety profile and promising efficacy profile. Neither DLT nor hemagglutination was observed among all 12 patients receiving the combination treatment at all three dose levels of IMM01 (1.0 mg/kg, 1.5 mg/kg, and 2.0 mg/kg) in our Phase Ib trial. Moreover, the interim data obtained from our Phase II trial as of February 10, 2023 has demonstrated that: (i) among the eight evaluable patients with 1L CMML, two reached CR (2 CRs), six reached marrow complete response (6 mCRs), with one hematological improvement (1 HI, which also achieved mCR), resulting in an overall response rate (ORR) of 100%, and (ii) among the 16 evaluable HR MDS patients who have received at least three cycles of treatment, three achieved CR (3 CRs), nine achieved mCR (9 mCRs), and seven achieved HI (7 HIs, among which 4 also achieved mCR), resulting in an ORR of 93.8%. For further details of preclinical and clinical data, please refer to the paragraphs headed "Business — Our Innate Immune Checkpoint-Targeted Drug Candidates — IMM01 — Competitive Advantages of IMM01-based Combination Therapies."

Subject to further clinical validation, we plan to file an IND application for a Phase II study with the FDA for this combination treatment. For further details of clinical plan, please refer to the paragraphs headed "Business — Our Innate Immune Checkpoint-Targeted Drug Candidates — IMM01 — Clinical Development Plan."

Combination of IMM01 and tislelizumab

We intend to develop the combination therapy of IMM01 and tislelizumab for the treatment of cancers that are not responsive to or relapsed from the standard of care such as PD-1/PD-L1 inhibitors, including among others, NSCLC, SCLC, HNSCC and CRC. The total incidence of NSCLC, SCLC, HNSCC and CRC was 6.9 million and 2.3 million in 2021 globally and in China, respectively, and is expected to increase to 8.5 million and 2.9 million in 2030 globally and in China, respectively. We are currently evaluating IMM01 and tislelizumab in a Phase II trial in various advanced solid tumors that failed to respond to or relapsed from the standard of care such as PD-1/PD-L1 inhibitors. In addition, we are also evaluating this combination therapy in cHL patients who relapsed or progressed after the treatment of PD-1 inhibitors in this Phase Ib/II trial, which may allow us to pursue an accelerated marketing approval leveraging the results of relatively small sample size studies.

So far, PD-1/PD-L1 inhibitor monotherapy only produces meaningful responses in 10% to 25% patients across almost all major cancer types. Moreover, survival benefits of current combination therapies based on PD-1/PD-L1 inhibitors are limited in many cancer types, highlighting a clear need for other effective treatment options to improve treatment outcomes for patients. Unlike CD47 antibodies that often employ an IgG4 Fc region, IMM01 is designed with IgG1 Fc that can fully activate macrophages by activating an additional "eat me" signal through Fc-FcγR engagement. Activated macrophages can then secrete certain cytokines and chemokines to recruit T cells to tumor sites, thus effectively converting "cold tumors" (tumors that lack T-cell infiltration) into "hot tumors" that are more responsive to the treatment of PD-1/PD-L1 inhibitors. Our preclinical studies have demonstrated promising synergistic antitumor effects for the combination of IMM01 with either PD-1 or PD-L1 inhibitors. For further details of preclinical data, please refer to the paragraphs headed "Business — Our Innate Immune Checkpoint-Targeted Drug Candidates — IMM01 — Competitive Advantages of IMM01-based Combination Therapies."

We dosed the first patient for the Phase Ib trial in May 2022 and initiated the Phase II trial in December 2022. In our Phase Ib trial, a heavily pre-treated NSCLC patient with six lines of prior treatment and refractory to PD-1 inhibitors achieved PR after three cycles of treatment with target lesion shrinkage of 40%. After accumulating more clinical data, we may also further evaluate this combination therapy for the first-line treatment of those solid tumors as well as for the treatment of other cancer indications. In July 2022, we obtained the NMPA's consent for adding R/R cHL as an additional expansion cohort into the ongoing combination trial of IMM01 and tislelizumab. We dosed the first patient with R/R cHL in January 2023. For further details of clinical plan, please refer to the paragraphs headed "Business — Our Innate Immune Checkpoint-Targeted Drug Candidates — IMM01 — Clinical Development Plan."

Combination of IMM01 and other drugs

IMM01 has demonstrated a promising efficacy and safety profile in its Phase I monotherapy trial, which sets the stage for its combination use with other immunotherapies or targeted therapies. We are currently exploring therapeutic potential of IMM01 in combination with various other drugs for a range of cancer indications. We reached a collaboration with Sunshine Guojian, under which Sunshine Guojian will be primarily responsible for driving and funding the clinical development of the combination treatment of IMM01 and inetetamab for HER2-positive solid tumors in mainland China. For details of our collaboration with Sunshine Guojian, please refer to the paragraphs headed "Business — Collaboration Agreement." We have also obtained an IND approval for the Phase Ib/IIa clinical trial to evaluate the combination of IMM01 with bortezomib and dexamethasonum for the treatment of MM from the NMPA in January 2023. We are also conducting numerous preclinical studies to evaluate the combination use of IMM01 with other drugs. These combination studies have revealed strong synergistic potential in our mouse models.

Our Key Products

Our Key Products include IMM0306 (CD47×CD20), IMM2902 (CD47×HER2) and IMM2520 (CD47×PD-L1), which are CD47-based bispecific molecules sharing a common structure: connecting the same engineered CD47-binding domain used in IMM01 to a base antibody with antibody-dependent cellular cytotoxicity (ADCC)-enhanced human IgG1 Fc fragment. This unique structural design with the engineered CD47-binding fragment allows our CD47-based bispecific molecules to avoid RBC binding, thus enabling the adoption of an ADCC-enhanced IgG1 Fc fragment capable of inducing full macrophage activation and much improved antibody-dependent cellular phagocytosis (ADCP) and ADCC activity, which results in stronger antitumor immune responses compared to most IgG4-based CD47 bispecific antibodies. When designing these molecules, we connect the engineered CD47-binding domain to the N-terminal of the heavy chain or light chain of a base antibody against another tumor target rather than to the Fc end, which ensures undisrupted binding to CD47 and preserves the intact Fc region with full immune effector function.

Compared to combination therapies against the same targets, our bispecific molecules are more likely to bind with two targets co-expressed on the same cancer cell, which is the prerequisite for the dual-targeting strategy to show synergistic effects. As demonstrated in our preclinical studies, our bispecific molecules can exert more potent antitumor activity than the combination therapies with same targets even at a relatively lower dose level. In addition, the symmetric structure of our bispecific molecules developed on our mAb-Trap platform minimizes mismatch during the production process, allowing for ease of manufacturing, product stability, higher titer and protein yield.

IMM0306 (CD47×CD20)

IMM0306, one of our Key Products, is the first CD47×CD20 bispecific molecule globally to enter into clinical stage. We are currently developing IMM0306 for the treatment of R/R B-cell non-Hodgkin lymphoma (B-NHL). It has a higher affinity for CD20 than CD47, which enables it to preferentially and simultaneously bind to CD20 and CD47 on malignant B cells rather than CD47-positive normal tissues and further mitigate CD47-related toxicity. For the details on the mechanism of action, please refer to the paragraphs headed "Business — Our Innate Immune Checkpoint-Targeted Drug Candidates — IMM0306 — Mechanism of Action."

According to Frost & Sullivan, B-NHL patients account for 85% of patients with NHL, and approximately 95% of B-NHL express CD20 antigen. CD20 antibody in combination with chemotherapy is the main treatment option covering the first-line and following treatment for B-NHL. However, approximately 50% of NHL patients will eventually experience disease progression due to drug resistance, leading to R/R NHL, which remains a challenge with limited effective treatment options. For R/R B-NHL, though CD20-targeted therapy is still primarily recommended, it is generally associated with limited effectiveness due to drug resistance. As B-NHL is a malignant tumor of lymphatic system which contains numerous immune cells, simultaneously targeting innate and adaptive immunity have great potential in addressing the unmet needs of NHL treatment. For further details, please refer to the paragraphs headed "Industry Overview — Selected Indications Analysis — Hematologic Malignancies" and "Business — Our Innate Immune Checkpoint-Targeted Drug Candidates — IMM0306 — Market Opportunities and Competition."

Our preclinical studies suggest that IMM0306 is more potent than RITUXAN® (rituximab, a CD20 mAb) monotherapy, even at a much lower dosing level, and it is more potent than the combination therapy of IMM01 and rituximab at a comparable dosing level. We initiated a Phase I trial for IMM0306 in R/R B-NHL in China in May 2020, of which the preliminary data demonstrated encouraging results in safety and efficacy. According to our initial clinical data as of February 27, 2023, IMM0306 was safe and well tolerated up to 2.0 mg/kg. Among the evaluable patients across four cohorts dosed from 0.8 mg/kg to 2.0 mg/kg, who had relapsed or progressed after receiving rituximab previously, two CRs and five PRs were observed. The only evaluable follicular lymphoma (FL) patient at 2.0 mg/kg who relapsed and progressed after rituximab treatment has also been confirmed as PR. At 2.0 mg/kg, one patient with primary bone diffuse large B-cell lymphoma (DLBCL) who had four lines of prior treatment has achieved PR with all measurable lesions disappeared after 65 days of treatment.

The encouraging clinical results of IMM0306 have provided further validation of our mAb-Trap platform. We commenced a Phase IIa trial for IMM0306 monotherapy for the third- or later-line treatment of FL in March 2023 and plan to seek an accelerated marketing approval through a single-arm trial. We expect to commence pivotal clinical trials in China in the third quarter of 2024. Furthermore, our IND application for the combination of IMM0306 and lenalidomide targeting front-line B-NHL was approved by the NMPA in January 2023, and we are in preparation to commence the Phase Ib trial for this combination in China. We have also received an IND approval for IMM0306 from the FDA in January 2021. With further clinical validation in the Phase I trial in China, we will then decide on our clinical development and

collaboration strategy for IMM0306 in the U.S. For further details, please refer to the paragraphs headed "Business — Our Innate Immune Checkpoint-Targeted Drug Candidates — IMM0306 — Clinical Development Plan."

IMM2902 (CD47×HER2)

IMM2902, one of our Key Products, is currently the only CD47×HER2 bispecific molecule that has entered into clinical stage globally. Our IMM2902 is being developed for the treatment of HER2-positive and HER2-low expressing solid tumors. IMM2902 suppresses tumor cell growth and proliferation through the blockade of HER2 and CD47/SIRPα inhibitory signals as well as the promotion of HER2 degradation, and further destroys tumor cells through enhanced ADCP, ADCC, and potentially antibody dependent cellular trogocytosis (ADCT). For the details on the mechanism of action, please refer to the paragraphs headed "Business — Our Innate Immune Checkpoint-Targeted Drug Candidates — IMM2902 — Mechanism of Action."

According to Frost & Sullivan, HER2 overexpression is prevalent in many major cancer types, such as breast cancer (BC), gastric cancer (GC), lung cancer, CRC, esophageal cancer (EC), biliary tract cancer (BTC), HNSCC and CC. According to Frost & Sullivan, the incidence of major HER2-expressing cancers reached 13.1 million and 3.3 million globally and in China in 2021, respectively, and is expected to increase to 16.1 million and 4.3 million in 2030 globally and in China, respectively. While HER2 antibodies (such as HERCEPTIN®, trastuzumab) have been used as the standard treatment for HER2-positive BC and GC in combination with chemotherapy, patients with HER2-positive cancer will eventually develop resistance to the standard treatment, resulting in disease progression. Moreover, patients with HER2-low expression who comprise about 50% of all BC cases and over 25% of GC cases do not respond to HER2 antibodies in general. Although HER2 antibody-drug conjugates (ADCs) are showed to be active in certain HER2-low expressing tumors in clinical trials, they are often associated with severe adverse effects, such as interstitial lung disease, and can sometimes lead to fatal events. This suggests a clear need to develop novel therapeutics with a better efficacy-safety balance for patients with HER2-low expressing cancers and trastuzumab-resistant cancers. For further details, please refer to the paragraphs headed "Business — Our Innate Immune Checkpoint-Targeted Drug Candidates — IMM2902 — Market Opportunities and Competition."

Our preclinical studies demonstrated strong antitumor activities of IMM2902 in a variety of breast and gastric tumor models, including those with HER2-low expression and resistant to trastuzumab. We are conducting a Phase Ia/Ib clinical trial in China to evaluate IMM2902 in advanced HER2-positive and HER2-low expressing solid tumors, including BC, GC, NSCLC and BTC, with the first patient dosed in February 2022. IMM2902 was shown to be safe and well tolerated up to 2.0 mg/kg. Dosing is ongoing for higher dose level cohorts. We have also initiated the clinical trial for advanced HER2-positive and HER2-low expressing solid tumors in the U.S. with the first patient dosed in June 2022. We have received the Fast Track Designation from the FDA in July 2022. For further details, please refer to the paragraphs headed "Business — Our Innate Immune Checkpoint-Targeted Drug Candidates — IMM2902 — Clinical Development Plan."

IMM2520 (CD47×PD-L1)

IMM2520, one of our Key Products, is a CD47×PD-L1 bispecific molecule for the treatment of solid tumors. By targeting CD47 and PD-L1 on tumor cells and with its functional IgG1 Fc, IMM2520 can simultaneously activate macrophages and T cells to achieve strong synergistic effects and induce long-lasting tumor-specific immune responses. For the details on the mechanism of action, please refer to the paragraphs headed "Business — Our Innate Immune Checkpoint-Targeted Drug Candidates — IMM2520 — Mechanism of Action."

As discussed above, only about 10% to 25% of cancer patients are responsive to PD-1/PD-L1 inhibitor monotherapy across almost all major types of cancer, due to "cold tumors" or non-T cell-inflamed immune-suppressive tumor microenvironment (TME). Macrophages, however, are widely distributed in a broad range of tumor types, accounting for 20% to 50% of cells in respective tumor tissues. With the capability to activate macrophages and unleash their synergistic effects with T-cell response, IMM2520 may benefit patients who are previously not responsive to or have progressed after PD-1/PD-L1 inhibitors, thus capturing the vast worldwide market opportunities. According to Frost & Sullivan, as IMM2520 is expected to provide effective treatment for solid tumors with low response rates to PD-1/PD-L1 inhibitors, it has the potential to treat a wide range of cancer indications with high macrophage infiltration, including NSCLC, SCLC, HCC, GC, HNSCC, CRC, ESCC, ovarian cancer (OC), prostate cancer, and pancreatic cancer. For further details, please refer to the paragraphs headed "Business — Our Innate Immune Checkpoint-Targeted Drug Candidates — IMM2520 — Market Opportunities and Competition."

IMM2520 showed encouraging *in vivo* efficacy and safety in several animal models. We have obtained IND approvals for IMM2520 from the NMPA in November 2022 and from the FDA in December 2022, and dosed the first patient for the Phase I clinical trial in China in March 2023. We will primarily focus on the solid tumors generally resistant or not sensitive to the currently available immunotherapies, such as CRC, GC, lung cancer and HNSCC, among others. For further details, please refer to the paragraphs headed "Business — Our Innate Immune Checkpoint-Targeted Drug Candidates — IMM2520 — Clinical Development Plan."

CD24-targeted Drug Candidates

In addition to CD47, we have selected and validated another promising innate immune checkpoint, CD24. We started the discovery research on CD24 as early as 2019, and have successfully identified lead drug candidates with potent target activity and *in vivo* therapeutic efficacy. Currently, we have one innovative IND-enabling-stage drug candidate (IMM47) and several discovery- and preclinical-stage molecules, including IMM4701 and IMM2547, targeting this checkpoint. CD24 is widely expressed in numerous types of solid tumors, including BC, NSCLC, CRC, HCC, renal cell carcinoma (RCC), and OC, and has been recognized as an important marker for poor prognosis of those cancers, presenting tremendous clinical potential. However, there is currently no approved or clinical-stage drug candidate targeting CD24 globally, according to Frost & Sullivan.

IMM47 (CD24 mAb)

IMM47 is a potentially global first-in-class humanized monoclonal antibody targeting CD24 for cancer treatment. We have successfully screened IMM47 despite the fact that the screening of antibodies against CD24 is highly challenging due to the relatively weak immunogenicity resulting from its small extracellular domain. With a high affinity for CD24 expressed on tumor cells, IMM47 can suppress the immune inhibitory signals sent from CD24/Siglec-10 pathway to macrophages, natural killer (NK) cells and T cells. With the ADCC-enhanced IgG1 Fc, IMM47 can specifically bind to CD24 and potently activate macrophage and NK cell-immune responses through ADCP and ADCC. IMM47 has also been shown to significantly increase the amount of M1 macrophages in tumor tissues in our *in vivo* proof-of-concept studies. It can also activate and promote T-cell response likely through tumor antigen presentation by activated macrophages to T cells and direct blockade of CD24/Siglec-10 inhibitory signals. Our preclinical studies have demonstrated promising efficacy of IMM47. In a colon cancer model, it completely eradicated subcutaneously inoculated tumor cells in all six mice after three doses of 3.0 mg/kg (~0.3 mg/kg human equivalent dose). In addition, IMM47 can establish tumor-specific immune responses that prevent tumor growth even against re-inoculation of tumor cells in mice, demonstrating its capability to further induce T-cell-based adaptive immune activation. We expect to file IND applications for IMM47 for the treatment of solid tumors with the NMPA and the FDA in 2023, and initiate a Phase I dose-escalation study first in Australia in mid-2023. Initiating a clinical trial

in Australia first can help us to begin global clinical trials earlier and accelerate clinical validation of IMM47. Additionally, we believe Australian trial can generate valuable clinical data on ethnically diverse populations, thus enhancing our ability to pursue collaboration opportunities with global pharmaceutical companies.

IMM4701 (CD24×CD47)

IMM4701 is a bispecific molecule that simultaneously targets CD47 and CD24. It is also developed on our mAb-Trap platform and shares a similar structure as our other CD47-based bispecific molecules. We have observed robust antitumor activity of IMM4701 in various solid tumor models, in which IMM4701 achieved 122% tumor growth inhibition (TGI) at 3.0 mg/kg (~0.3 mg/kg human equivalent dose). Further leveraging the data observed from IMM47, we plan to file IND applications with the NMPA and the FDA for the treatment of solid tumors subsequently, and further seek collaboration opportunities with global pharmaceutical companies.

Other Innate Immunity-based Drug Candidates

We have also been actively evaluating the therapeutic potential of other promising innate immune checkpoints, including IL-8, NKG2A and PSGL-1, and we aim to continue to stay at the forefront of the development of next-generation immunotherapies through scientific innovation.

Adaptive Immunity-based Drug Candidates

IMM2510 (VEGF×PD-L1)

IMM2510 is a bispecific molecule with a mAb-Trap structure targeting VEGF and PD-L1. IMM2510 can inhibit angiogenesis, leading to tumor shrinkage, and sensitize tumor cells to immune responses, while activating T cells, NK cells, and macrophages via the blockade of PD-L1/PD-1 interaction and the induction of Fc-mediated ADCC/ADCP activity. Our preclinical efficacy studies showed that IMM2510 exerted stronger synergistic antitumor activities than the combination of a VEGF blocker and a PD-L1 antibody. We are currently conducting the Phase I dose-escalation trial for IMM2510 in China in a variety of advanced solid tumors, including, but not limited to, HCC, RCC, GC, NSCLC and soft-tissue sarcomas (STS). Initial clinical results as of February 15, 2023 have shown favorable safety and promising efficacy. IMM2510 was safe and tolerable up to 10.0 mg/kg in patients with advanced solid tumors, and we are currently evaluating patients for 10.0 mg/kg dose cohort. Among the two evaluable NSCLC patients in the trial so far, we have observed PRs in both patients, with best tumor shrinkage response of 46% and 35% respectively. We expect to complete this dose-escalation study in mid-2023, and subsequently commence a cohort-expansion study.

IMM27M (CTLA-4 ADCC-enhanced mAb)

IMM27M is a new generation CTLA-4 antibody with enhanced ADCC activity. It can induce potent immune responses targeting CTLA-4 overexpressed immune-suppressive T_{reg} cells and promote T_{reg} depletion from the TME, thus enhancing T-cell antitumor response. Our preclinical studies have demonstrated that IMM27M could induce significantly stronger antitumor activity than YERVOY® (ipilimumab) and it resulted in complete tumor remission even at a dose as low as 0.3 mg/kg (~0.03 mg/kg human equivalent dose), at which ipilimumab only exhibited approximately 50% tumor growth inhibition. We have commenced the Phase I clinical trial in solid tumors, with the first patient dosed in June 2022. We had enrolled 15 patients as of February 10, 2023, and we are currently enrolling patients for the sixth cohort of 5.0 mg/kg. The preliminary data demonstrates that IMM27M is safe and well tolerated up to 3.0 mg/kg. We have observed 4 SDs in this trial so far, among whom one patient with breast carcinoma who had six lines of prior treatment has achieved SD with tumor shrinkage of 28.8% at 3.0 mg/kg, and one patient with metastatic melanoma has achieved SD with tumor shrinkage of 22.9% at 2.0 mg/kg. We expect to

complete this trial in mid-2023. We received an IND approval from the NMPA for a Phase Ib/II study to evaluate the combination of IMM27M and a PD-1 antibody for the treatment of advanced solid tumors, such as RCC, NSCLC, GC and thymic carcinoma (TC), in March 2023. We may initiate clinical trials or explore collaboration opportunities for this combination therapy.

IMM40H (CD70 mAb)

IMM40H is a humanized IgG1 CD70 monoclonal antibody with enhanced ADCC activity. It can obstruct the activation and proliferation of T_{reg} cells through the inhibition of CD70/CD27 signaling. Our *in vitro* cell-based assay demonstrated that IMM40H had much stronger CD70-binding affinity than cusatuzumab (a CD70-targeted antibody developed by Argenx and currently in Phase II stage), allowing it to block the interaction of CD70 and CD27 more effectively. Moreover, IMM40H has also shown potent ADCC, complement-dependent cytotoxicity (CDC), and ADCP activity, resulting in strong immune attack on tumor cells and potentially potent therapeutic efficacy. Our preclinical data also suggests a favorable safety profile of IMM40H. According to Frost & Sullivan, CD70 could potentially be an effective therapeutic target for the treatment of many major CD70-positive cancer indications, including CD70-positive lymphoma, RCC, NSCLC, HNSCC and OC. We have obtained IND approvals for IMM40H from the NMPA and the FDA in August 2022, and may initiate Phase I clinical studies or pursue potential collaboration opportunities.

Our Platform

We have established an integrated platform encompassing three main functions: (i) drug discovery and preclinical development, (ii) CMC and pilot manufacturing and (iii) clinical development. Leveraging the collaboration among different functional groups, our platform empowers us with robust research and development capabilities, allowing us to efficiently discover and advance the development of next-generation immunotherapies towards commercialization. As a result, we have constructed a comprehensive pipeline consisting of over ten innovative drug candidates targeting both innate and adaptive immune systems, with eight ongoing clinical programs.

Our solid drug discovery and preclinical platform includes advanced hybridoma technology, high-throughput screening, strong immunoassay and bioassay technology, and a proprietary mAb-Trap bispecific platform. These integrated platforms allow us to efficiently conduct screening for lead compounds and druggability analysis. Our advanced hybridoma technology, together with the high-throughput screening technology, can effectively and quickly screen out antibodies with optimized properties. Our mAb-Trap platform was built to design bispecific molecules that connect engineered binding domains to the heavy chain or light chain of a base antibody. The molecule structure designed on this platform can be best suited for the targets we have selected. Moreover, the bispecific molecules developed on this platform have a symmetric structure, akin to that of native antibodies, allowing for ease of manufacturing, product stability, higher titer and protein yield. Leveraging this mAb-Trap platform, we have constructed a number of bispecific molecules and four of them have entered into clinical development stage, including IMM0306 (Phase II trial in China), IMM2902 (Phase Ia/Ib trial in China and the U.S.), IMM2510 (Phase I trial in China) and IMM2520 (Phase I trial in China). In fact, average protein yield for IMM0306, IMM2902, and IMM2520 ranges from 3.8 g/L to 4.6 g/L, much higher than the industry average for bispecific molecules of 1.0 g/L to 3.0 g/L. Bispecific molecules designed on the mAb-Trap platform will then be evaluated for *in vitro* pharmaceutical activities with immunoassay and bioassay. Our established preclinical development function enables us to perform studies concerning proof-of-concept *in vivo* efficacy, preclinical pharmacokinetic and pharmacodynamic, and toxicological in animals. Based on the *in vitro* activity, *in vivo* efficacy and quality data, we will select a lead molecule for further evaluation. Leveraging our strong drug discovery and preclinical development capabilities, we are

developing over ten drug candidates at various stages. These in-house developed drug candidates all have the potential to be either first-in-class or best-in-class drugs if successfully advanced to the market.

Our CMC team is responsible for, among other relevant functions, cell line development, upstream and downstream process development, formulation development, analytical method development and validation, and pilot manufacturing. For cell line development, we developed CHO-K1 host cell line with the glutamine synthetase gene knocked out via gene editing. We have also developed and optimized the cell line screening techniques which significantly help shorten the time for the development of stable expression cell lines with much higher titer.

We have established substantial pilot manufacturing capabilities with the production scale of 450L and are able to manufacture high-quality drug candidates in-house in an efficient and cost-effective manner. In addition, we have already commenced the construction of our new manufacturing facility occupying a site area of approximately 28.7 thousand square meters in Zhangjiang Science City, Pudong New Area of Shanghai, which is designed to meet the stringent cGMP standards. We plan to complete the first stage of construction by 2025, and plan to commence second stage of construction depending on the schedule of the regulatory approval and the sales ramp-up of our drug portfolio in the future.

Our capable clinical development function is responsible for clinical trial design and implementation, as well as translational medicine. We also engage CROs and consultants in China and the U.S. to support our clinical trials. We have established long-standing partnerships with hospitals and principal investigators throughout China and the U.S., which enables us to conduct multiple large-scale clinical trials. In addition, our medical function allows us to analyze preclinical and clinical data to guide our clinical strategy, the design and timely adjustments of clinical development plans.

For further details, please refer to the paragraphs headed "Business — Our Platform."

OUR COMPETITIVE STRENGTHS

We believe the following strengths have contributed to our success and differentiated us from our competitors:

- science-driven biotechnology company with a rich next-generation immuno-oncology pipeline harnessing both the innate and adaptive immune systems;
- deep and broad innate immunity-based portfolio targeting a wide range of solid and hematologic tumors to address critical unmet medical needs;
- scientifically and structurally differentiated molecule design based on our "drug-by-design (DbD)" concept to achieve potent efficacy and favorable safety;
- integrated proprietary R&D engine anchored around our deep understanding of tumor immunology, continuously driving the discovery and development of innovative next-generation immunotherapies; and
- seasoned management team with a track record of drug innovation and clinical development, led by a renowned immunologist founder and backed by blue chip investors.

OUR STRATEGIES

Leveraging our strengths, we plan to implement the following strategies:

- to advance the development of our drug candidates to unleash their therapeutic potential and address significant unmet medical needs;
- to expand our global footprint and maximize the clinical and commercial value of our drug candidates through global clinical trials and accretive partnerships;
- to continuously enrich our innovative pipeline through fundamental biological research and translational medicine;
- to upscale our GMP-compliant manufacturing capacity; and
- to enlarge our talent pool to support our continuous growth.

OUR CUSTOMERS AND SUPPLIERS

Customers

During the Track Record Period, since we had not obtained regulatory approval for the commercial sale of any of our drug candidates, we had not generated any revenue from sales of any drug products. Our revenue was generated from out-licensing fee, sales of cell strain and other products and testing services during the Track Record Period. For further details, please refer to the paragraphs headed "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue." For the years ended December 31, 2022 and 2021, the aggregate sales to our five largest customers were RMB0.5 million and RMB5.0 million, representing 84.6% and 98.8% of our total sales, respectively. Revenue from our single largest customer accounted for 28.1% and 93.3% of our total sales amount for the same periods, respectively.

Suppliers

During the Track Record Period, our suppliers primarily consisted of CROs, CMO/CDMOs, and suppliers of equipment, devices and construction services. We select our suppliers by considering their product quality, costs, delivery standards, industry reputation and compliance with relevant regulations and industry standards.

For the years ended December 31, 2022 and 2021, the aggregate purchases attributable to our five largest suppliers amounted to RMB58.1 million and RMB55.9 million, respectively, representing 30.2% and 32.4% of our total purchases, respectively. Purchases attributable to our single largest supplier amounted to RMB16.8 million and RMB17.8 million for the same periods, accounting for 8.7% and 10.3% of our total purchases, respectively. All of our five largest suppliers during the Track Record Period operate their business in the PRC, except for one major supplier in 2022 that operates its business in the U.S. We believe that we have maintained strong and stable relationships with our major suppliers.

COLLABORATION AGREEMENT

Collaboration with Sunshine Guojian

On January 18, 2021, we entered into a joint drug development collaboration agreement with Sunshine Guojian. Pursuant to this agreement, the parties will collaborate to conduct clinical studies to evaluate the combination therapy of inetetamab and IMM01 for the treatment of HER2-positive solid tumors in mainland China (excluding Hong Kong, Macau and Taiwan).

Pursuant to the agreement, Sunshine Guojian is responsible for the design of the clinical study protocol, coordination with the CROs and regulatory filings related to each phase of clinical studies. Sunshine Guojian has final decision-making authority with respect to all material matters in relation to the clinical studies, including but not limited to, the preparation and modification of the clinical trial protocols, of this combination therapy for selected indications.

Each party will supply its product for the purpose of clinical studies at its own cost. All costs incurred in the clinical studies in mainland China will be borne by Sunshine Guojian, except for certain costs to be borne by us as provided in the agreement, including the cost of supplying IMM01, the costs of assigning our own representatives to participate in the clinical development and regulatory communications and providing related technology support. Each party retains ownership of intellectual property rights in its own product. Any new data generated and intellectual property rights (including patents) arising from collaborated clinical studies will be jointly owned by both parties. We retain full rights to commercialize IMM01 worldwide.

For details, please refer to the paragraphs headed "Business — Collaboration Agreement."

RELATIONSHIP WITH CROs AND CMOs/CDMOs

As is customary in the pharmaceutical industry, we use CROs to conduct and support our preclinical studies and clinical trials under our close supervision and overall management. We currently also collaborate with CMOs/CDMOs for the manufacturing of a portion of our drug candidates for preclinical studies and clinical trials. During the Track Record Period and up to the Latest Practicable Date, all the CROs and CMOs/CDMOs that we collaborate with were independent third parties.

For further details, please refer to the paragraphs headed "Business — Our Platform — CMC and Pilot Manufacturing" and "Business — Our Platform — Clinical Development."

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we owned (i) four issued patents and five allowed patent applications in the PRC, (ii) six issued patents and two allowed patent applications in the U.S., (iii) nine issued patents and two allowed patent applications in other jurisdictions, and (iv) 29 patent applications, including two pending PRC patent applications and one PRC patent application filed as a priority application, one pending Hong Kong patent application, six pending U.S. patent applications, six PCT patent applications which have entered national phases, four pending PCT patent applications which may enter various contracting states in the future, and 9 pending patent applications in other jurisdictions, relating to certain of our drug candidates and technologies. Specifically, in relation to our Core Product, IMM01, as of the Latest Practicable Date, we owned one patent family, which includes one issued patent in the PRC, one issued patent in the U.S. and one issued patent in Japan with expiration dates in 2035, as well as two pending patent applications in the U.S., one allowed patent application in the European Union (EU) and one PCT patent application which has entered national phases. As to our Key Products, as of the Latest Practicable Date, (i) in relation to IMM0306, we owned one patent family, which includes two issued patents in the PRC, one issued patent in the U.S. and one issued patent in Japan with expiration dates ranging from 2037 to 2038, one allowed patent application in the EU and one PCT patent application which has entered national phases; (ii) in relation to IMM2902, we owned one patent family, which includes one issued patent in Japan, one issued patent and one pending patent application in the U.S., one pending patent application in the PRC, one pending patent application in Hong Kong, one pending patent application in the EU, and one PCT patent application which has entered national phases; and (iii) in relation to IMM2520, we owned one patent family, which includes one issued patent in Japan with an expiration date in 2041, one allowed patent application

in the PRC, one allowed patent application in the U.S., one pending patent application in the EU, and one pending PCT patent application which may enter various contracting states in the future. For further details on our intellectual property rights, see "Business — Intellectual Property."

Our IMM01 was discovered, designed and developed by Dr. Deqiang Jing[1] and Dr. Wenzhi Tian[2], both of whom are currently key R&D personnel of the Company, when Dr. Jing was a consultant at Hanyu and Dr. Tian worked at Huabo Biopharm, respectively. For the purpose of developing the product, Hanyu entered into a technology development agreement with Huabo Biopharm in March 2014, under which Huabo Biopharm was engaged to provide CRO-like technical service for the production of two recombinant proteins, HY03M and HY03MM (which are described in the IMM01 patent family), by using the target gene DNA provided by Hanyu, and Hanyu was required to pay a service fee to Huabo Biopharm. As a result, all the products of the CRO-like technical service along with their legal rights shall belong to Hanyu. During the discovery process, Dr. Jing made substantive contributions to, among others, the structure and sequence designs, biological activity analysis, and animal studies of the IMM01 molecule and Dr. Tian made substantive contributions to the related inventions of IMM01 patent family by, among others, providing suggestions on the sequence, vector construction, protein expression, and bio-assay analysis. In August 2015, the Company entered into a patent application assignment agreement with Hanyu, pursuant to which all rights in a Chinese patent application (No. 201510203619.7) and the inventions disclosed therein in relation to the target molecule (which was later developed to IMM01) were transferred from Hanyu to the Company. The Company obtained the full rights to IMM01 based on the assignment agreement, and Hanyu does not retain any rights to IMM01 according to this assignment agreement, as confirmed by the IP legal advisor. The initial Chinese patent application filed by Hanyu listed Lijuan Liu, Dr. Deqiang Jing and Hua Wang as inventors. However, as confirmed by Hanyu in supplemental agreements to the assignment agreement, and confirmed in the interview with relevant personnel, Dr. Tian and Dr. Jing are the only inventors that made substantive contributions to the inventions of IMM01. Under the supplemental agreements, Hanyu also confirmed that the Company may list the correct inventors in the U.S. patents and patent applications as well as other foreign patents and patent applications in the patent family which were filed subsequently after the transfer of the patent rights. The Company did not correct the inventorship of the Chinese patent (CN106146670B) since the relevant patent application was already filed at the time of transfer. As advised by JunHe LLP, the intellectual property legal advisor to the Company, the error in inventorship in this Chinese patent would not affect the ownership rights or validity of this Chinese patent since this Chinese patent has been granted and the error in inventorship does not form a legal ground to challenge the validity of a patent under the Chinese patent laws and regulations, and the Company fully owns the intellectual property rights and global commercial rights in relation to IMM01. Hanyu was officially deregistered in July 2020 and no longer exists as a legal entity.

We are aware of certain issued patents in the U.S. belonging to third parties that may potentially cover our CD47-based drug candidates and may not expire before our anticipated commercial launch of relevant drug candidates in the U.S. As reviewed and advised by our legal advisor as to intellectual property law, JunHe LLP[3], the scope of the relevant patent claims is too broad and the patent claims are obvious over prior art or lack written description and enablement support, the validity and enforceability of the third-party patents are thus questionable; as a result, if such third parties bring the legal proceedings against us, the risk that we will be determined by courts or other competent authorities in the U.S. to have infringed on such patent rights of the

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1 Dr. Deqiang Jing is our senior director in the clinical department. He was engaged as a consultant by Shanghai Hanyu Biopharmaceuticals Co., Ltd (上海翰礽生物科技有限公司) ("**Hanyu**") from February 2014 to July 2020.

2 Dr. Wenzhi Tian is our founder, chief executive officer and chief scientific officer. He co-founded Huabo Biopharm (Shanghai) Co., Ltd. (華博生物醫藥技術(上海)有限公司) ("**Huabo Biopharm**") and served as its general manager from June 2011 to April 2015.

3 A U.S. based international law firm, Locke Lord LLP, was specifically engaged to conduct analysis of a certain U.S. patent.

third parties is remote. However, in the hypothetical worst-case scenario that such patent infringement claims against us do arise, the court subsequently rules against us and we also lose all the subsequent appeal regarding the infringement claims ("**Hypothetical Worst-case Scenario**"), we may not be able to commercialize the products in the U.S. unless and until we obtain a license under the applicable patents or such patents expire. Any such license arrangement may require us to pay royalties and other fees to the third parties. We may not be able to obtain a license from third parties, or the terms of the license may not be commercially viable. Such Hypothetical Worst-case Scenario could further expose us to diversion of our resources and our management's attention. Even if in the Hypothetical Worst-case Scenario, the commercialization of our CD47-based drug candidates in PRC would not be impacted since the potentially relevant patents are U.S. patents which can only have effects in the U.S. For details, please refer to the paragraphs headed "Risk Factors — Key Risks Relating to Our Business, Business Operations, Intellectual Property Rights and Financial Prospects — Third parties may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights, the outcome of which would be uncertain." As advised by our intellectual property legal advisor, JunHe LLP, the risk that potential objections or claims from other parties (including, without limitation, Hanyu, Huabo Biopharm, Hua Wang and Lijuan Liu, or any of their respective associates) would affect us in respect of IMM01 in the PRC and U.S. would be remote, save for the above mentioned potentially relevant patents, for which risks that we will be determined by courts or other competent authorities in the U.S. to have infringed on such patent rights of the third parties is remote.

In addition, in 2019, we signed a technology transfer agreement with an independent third party, pursuant to which such third party acquired certain rights and interests (including one patent application in China relating to IMM2505) from us to develop and commercialize IMM2505 in China (including Hong Kong, Macau and Taiwan). The Chinese patent application of IMM2505 has not been issued, and is currently under the CNIPA's substantive examination. If such patent application of IMM2505 is approved with the currently pending claims, it may potentially cover IMM2520. However, based on the opinion of our legal advisor as to intellectual property law, JunHe LLP, the currently pending claims of the Chinese patent application relating to IMM2505 are too broad and lack inventiveness over prior art, considering (i) bispecific molecules binding to both CD47 and PD-L1 have been disclosed in the prior art; (ii) the amino acid sequence of SIRP extracellular Ig-like domain (which binds to CD47) is known in the prior art; (iii) various PD-L1 antibodies with different amino acid sequences have been disclosed in the prior art; and (iv) the first office action issued by the CNIPA raises novelty or inventiveness rejections on the pending claims. In addition, the issued patents in the U.S. and Japan regarding IMM2505 were granted with claims reciting specific amino acid sequences of the PD-L1 antibody and SIRP extracellular Ig-like domain. Therefore, it is expected that the pending claims of the Chinese patent application regarding IMM2505 would be narrowed down during prosecution by further limiting the amino acid sequences of the PD-L1 antibody portion of IMM2505, similar to our issued patents in the U.S. and Japan. For details, please refer to the paragraphs headed "Risk Factors — Key Risks Relating to Our Business, Business Operations, Intellectual Property Rights and Financial Prospects — If we are unable to obtain and maintain adequate patent and other intellectual property protection for our drug candidates throughout the world, or if the scope of such intellectual property rights obtained is not sufficiently broad, our current or any future patents may be challenged and invalidated even after issuance."

Based on the views of our legal advisor as to intellectual property law and our Directors, our drug candidates are unlikely to have infringed the patents or patent applications of third parties in mainland China and the U.S.

During the Track Record Period and up to the Latest Practicable Date, (i) we were not involved in any legal, arbitral or administrative proceedings in respect of, and we had not received notice of any material claims of infringement, misappropriation or other violations of third-party intellectual property; and (ii) we were not involved in any proceedings in respect of any intellectual property rights that may be threatened or pending and that may have an influence on the research and development for any of our drug candidates in which we may be a claimant or a respondent.

OUR SINGLE LARGEST SHAREHOLDER

As of the Latest Practicable Date, Dr. Tian, our founder of the Group, chairman of our Board, chief executive officer, chief scientific officer and executive Director, was able to exercise approximately 33.29% of the voting rights in our Company through: (i) 70,182,990 Shares directly held by him and (ii) an aggregate of 48,356,955 Shares held by our Employee Shareholding Platforms, namely Jiaxing Changxian, Jiaxing Changyu and Halo Investment II. Both Jiaxing Changxian and Jiaxing Changyu are limited partnerships incorporated in the PRC of which their respective executive partners are controlled by Dr. Tian. Halo Investment II is a company limited by shares incorporated in the BVI with Dr. Tian controlling the exercise of its voting rights in the Company. For further details on the Employee Shareholding Platforms, see "History, Development and Corporate Structure — Employee Shareholding Platforms." Immediately upon the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), Dr. Tian will be entitled to exercise the voting rights of approximately **[REDACTED]**% of the enlarged issued share capital of our Company. Accordingly, Dr. Tian will remain as our Single Largest Shareholder after the **[REDACTED]**.

OUR [REDACTED]

Since the establishment, our Company has undertaken a series of capital increases to raise funds for the development of our business and to bring in new shareholders. The Pre-**[REDACTED]** Investments include: (i) Series Pre-A Financing; (ii) Series A Financing; (iii) Series Pre-B Financing; (iv) Series B Financing; (v) Series B+ Financing; and (vi) Series C Financing and we raised a total of approximately US$215.7 million from the Pre-**[REDACTED]** Investments. Our **[REDACTED]** will be subject to lock-up arrangements at the time of the **[REDACTED]** pursuant to the PRC Company Law. Generally, under these lock-up arrangements, each **[REDACTED]** will not, at any time during the period commencing on the **[REDACTED]** and ending on a date which is 12 months from the **[REDACTED]**, offer, pledge, sell, transfer or otherwise dispose of their Shares. For details, see "History, Development and Corporate Structure — Pre-**[REDACTED]** Investments."

Our **[REDACTED]** consist of private equity funds and private limited liabilities companies, among which some have a specific focus on the healthcare industry. LAV, ZJ Leading VC, Lapam Capital, Shanghai Milestone Asset, LYFE Capital, Greater Bay Area Fund, Zhangjiang Sci & Tech and Sunshine Life are our Sophisticated Investors pursuant to the Guidance Letter HKEX-GL92-18 issued by the Stock Exchange. For details, see "History, Development and Corporate Structure — Pre-**[REDACTED]** Investments — Information About Our **[REDACTED]**."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

Summary Data from Consolidated Statements of Profit or Loss

We currently have no products approved for commercial sale and have not generated any revenue from product sales. We have not been profitable and have incurred operating losses during the Track Record Period. We recognized revenue of RMB5.1 million and RMB0.5 million in 2021 and 2022, respectively. Our revenue was generated from out-licensing fee received under the technology transfer agreement with an independent third party signed in 2019, sales of cell strain and other products, as well as provision of testing services.

In 2021 and 2022, we had net loss of RMB732.9 million and RMB402.8 million, respectively. The changes in our net loss mainly resulted from the increases in our research and development expenses and administrative expenses, as well as the recognition of loss from changes in fair value of financial liabilities at FVTPL related to our investors' preferred rights in 2021 and the subsequent derecognition of the same since January 31, 2022. For detailed discussion of the fluctuation of our net loss, see "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income." Our research and development expenses increased from RMB176.0 million in 2021 to RMB277.3 million in 2022. The significant increase was mainly attributable to (i) an increase of RMB54.0 million in clinical trial expenses for IMM01, primarily in relation to the initiation of its combination trials with azacitidine and tislelizumab respectively, as well as IMM2902, (ii) an increase of RMB27.0 million in non-cash share-based payments and an increase of RMB22.9 million in salaries and related benefit costs, mainly due to (a) the additional amortization in connection with the restricted shares granted in 2022, and (b) the expansion of our clinical team, and (iii) an increase of RMB3.9 million in preclinical and CMC expenses, primarily due to the increased manufacturing expenses of IMM01 for the use in its combination trials with azacitidine and tislelizumab respectively, as well as IND-enabling expenses associated with IMM47. Our administrative expenses increased from RMB48.3 million in 2021 to RMB92.8 million in 2022, mainly attributable to (i) an increase of RMB42.8 million in non-cash share-based payments, primarily due to the additional amortization in connection with the restricted shares granted in 2022, and (ii) an increase of RMB7.7 million in salaries and related benefit costs due to the headcount expansion and compensation raise of our management and administrative functions as a result of our business growth. In addition, our adjusted net loss (non-IFRS measure) was RMB182.5 million and RMB225.8 million in 2021 and 2022, respectively. We define adjusted net loss (non-IFRS measure) as loss for the year adjusted by adding back loss from changes in fair value of financial liabilities at FVTPL, share-based payments and **[REDACTED]** expenses.

The following table sets forth summary data from our consolidated statements of profit or loss and other comprehensive expenses for the period indicated.

	For the Year Ended December 31,	
	2021	**2022**
	(in thousands of RMB)	
Revenue	5,067	538
Other income	10,381	14,657
Other gains and losses, net	(518,347)	(29,436)
Research and development expenses	(175,954)	(277,346)
Administrative expenses	(48,319)	(92,796)
[REDACTED]	**[REDACTED]**	**[REDACTED]**
Finance costs	(891)	(787)
Loss before tax	(732,949)	(402,894)
Income tax expense	—	—
Loss for the year	(732,949)	(402,894)

NON-IFRS MEASURE

To supplement our consolidated statements of profit or loss and other comprehensive expenses which are presented in accordance with IFRSs, we also use adjusted net loss as a non-IFRS measure, which is not required by, or presented in accordance with, IFRSs. We believe that the presentation of the non-IFRS measure when shown in conjunction with the corresponding IFRS measures provides useful information to management and investors in facilitating a comparison of our operating performance from year to year. In particular, the non-IFRS measure eliminates impact of certain expenses, including loss from changes in fair value of financial liabilities at FVTPL (which ceased to be recorded since January 31, 2022), share-based payments and **[REDACTED]** expenses. Such non-IFRS measure allows investors to consider metrics used by our management in evaluating our performance.

We define adjusted net loss (non-IFRS measure) as loss for the year adjusted by adding back loss from changes in fair value of financial liabilities at FVTPL, share-based payments and **[REDACTED]** expenses. Loss from changes in fair value of financial liabilities at FVTPL represents the increase in fair value of the equity interests with preferred rights held by our investors, which is non-cash in nature. We no longer recognized such liabilities since January 31, 2022, as our investors' certain preferred rights, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same date. Share-based payments are expenses arising from granting restricted shares to selected employees, senior management, directors and consultants, the amount of which is non-cash in nature. **[REDACTED]** expenses are the expenses arising from activities in relation to the proposed **[REDACTED]** and **[REDACTED]**, and are excluded from our net loss.

The use of the non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for, or superior to, analysis of our results of operations or financial condition as reported under IFRSs. In addition, the non-IFRS financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

	For the Year Ended December 31,	
	2021	2022
	(in thousands of RMB)	
Loss for the year	(732,949)	(402,894)
Adjusted for:		
Loss from changes in fair value of financial liabilities at FVTPL	511,517	55,510
Share-based payments	34,017	103,829
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**
Adjusted net loss (non-IFRS measure) for the year	(182,529)	(225,831)

Note: We define adjusted net loss (non-IFRS measure) as loss for the year adjusted by adding back loss from changes in fair value of financial liabilities at FVTPL, share-based payments and **[REDACTED]** expenses, among which, loss from changes in fair value of financial liabilities at FVTPL is an item that we ceased to record since January 31, 2022 as a result of the termination of our investors' certain preferred rights on the same day. We believe the net loss as adjusted by eliminating impact of such items provides useful information to management and investors in facilitating a comparison of our operating performance from year to year.

Summary Data from Consolidated Statements of Financial Position

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

	As of December 31,	
	2021	2022
	(in thousands of RMB)	
Total non-current assets	188,737	188,107
Total current assets	704,098	651,871
Total assets	**892,835**	**839,978**
Total current liabilities	2,477,831	51,737
Net current (liabilities) assets	**(1,773,733)**	**600,134**
Total non-current liabilities	13,443	9,020
Total liabilities	**2,491,274**	**60,757**
Net (liabilities) assets	**(1,598,439)**	**779,221**

We recorded net current assets of RMB600.1 million as of December 31, 2022, as compared to net current liabilities of RMB1,773.7 million as of December 31, 2021. The increase of net current assets was primarily due to a decrease of RMB2,431.6 million in financial liabilities at FVTPL; partially offset by (i) a decrease of RMB33.1 million in bank balances and cash, (ii) a decrease of RMB8.2 million in pledged bank deposits, and (iii) a decrease of RMB10.9 million in prepayments and other receivables

We have terminated our investors' preferred rights and no longer recorded any financial liabilities at FVTPL since January 31, 2022. As a result, we recorded net assets of RMB779.2 million as of December 31, 2022, as compared to net liabilities of RMB1,598.4 million as of December 31, 2021. For further information, see our consolidated statements of changes in equity set forth in the Accountants' Report in Appendix I to this document.

Summary Data from Consolidated Cash Flow Statements

Our primary uses of cash are to fund the preclinical and clinical development of our drug candidates, administrative expenses and other recurring expenses. Our net cash used in operating activities was RMB190.5 million and RMB238.7 million in 2021 and 2022, respectively, primarily due to the significant research and development expenses and administrative expenses we incurred during the Track Record Period without generating any revenue from sales of our drug candidates. Our operating cash flow will continue to be affected by our research and development expenses. During the Track Record Period and up to the Latest Practicable Date, we have primarily funded our working capital requirements through proceeds from private equity financings. Our management closely monitors uses of cash and cash balances and strives to maintain a healthy liquidity for our operations. Going forward, we believe our liquidity requirements will be satisfied by a combination of **[REDACTED]** from the **[REDACTED]**, funds received from potential out-licensing arrangements and cash generated from our operations after the commercialization of our drug candidates. With the continuing expansion of our business, we may require further funding through public or private **[REDACTED]**, debt financings, collaboration arrangements or other sources. As of December 31, 2022, our bank balances and cash amounted to RMB635.2 million.

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

	For the Year Ended December 31,	
	2021	2022
	(in thousands of RMB)	
Net cash used in operating activities	(190,541)	(238,710)
Net cash (used in) from investing activities	(108,722)	49
Net cash from financing activities	793,033	179,380
Net increase (decrease) in cash and cash equivalents	493,770	(59,281)
Cash and cash equivalents at beginning of year	183,674	668,326
Effect of foreign exchange rate changes, net	(9,118)	26,167
Cash and cash equivalents at end of year	668,326	635,212

The Directors are of the opinion that, taking into account the financial resources available to us, including cash and cash equivalents, internally generated funds, financial assets, the estimated **[REDACTED]** from the **[REDACTED]** and our cash burn rate, which is the average monthly cash used in operations plus payments for property, plant and equipment, we have sufficient working capital to cover at least 125% of our costs, including research and development costs, general, administrative and operating costs, for at least the next 12 months from the date of this document.

Our Directors believe that, by taking into account our cash and cash equivalents of RMB635.2 million as of December 31, 2022 and assuming that our cash burn rate going forward will be approximately 1.7 times of the cash burn rate for the year ended December 31, 2022, we can remain financially viable for approximately [44] months from December 31, 2022 if taking into account the estimated RMB**[REDACTED]** of the **[REDACTED]** from the **[REDACTED]** (being the lower-end of the indicative **[REDACTED]** range of HK$**[REDACTED]** to HK$**[REDACTED]** per H Share). We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios as of the dates indicated:

	As of December 31,	
	2021	2022
Current ratio[(1)]	0.28	12.60

Note:

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

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that **[REDACTED]** H Shares will be **[REDACTED]** pursuant to the **[REDACTED]**, 210,485,039 Unlisted Shares will be converted into H Shares and the **[REDACTED]** is not exercised:

	Based on the [REDACTED] of HK$[REDACTED]	Based on the [REDACTED] of HK$[REDACTED]
[REDACTED] of our Shares[(1)]	HK$**[REDACTED]**	HK$**[REDACTED]**
[REDACTED] of our H Shares[(2)]	HK$**[REDACTED]**	HK$**[REDACTED]**
Unaudited **[REDACTED]** adjusted consolidated net tangible assets per Share[(3)]	HK$**[REDACTED]**	HK$**[REDACTED]**

Notes:

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

(2) The calculation of the **[REDACTED]** of our H Shares is based on the **[REDACTED]** H Shares, comprising **[REDACTED]** H Shares to be **[REDACTED]** under the **[REDACTED]** and 210,485,039 H Shares to be converted from Unlisted Shares, expected to be in **[REDACTED]** immediately upon completion of the **[REDACTED]**.

(3) The unaudited **[REDACTED]** adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share is arrived at on the basis that **[REDACTED]** Shares were in **[REDACTED]** assuming that the **[REDACTED]** had been completed on December 31, 2022 and it does not take into account of (i) any Share which may be **[REDACTED]** and **[REDACTED]** upon the exercise of the **[REDACTED]** or (ii) under the general mandates for the **[REDACTED]** and **[REDACTED]** of Shares granted to the directors of our Company.

DIVIDEND

We have never declared or paid any dividends on our ordinary shares or any other securities. We currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business and we do not intend to declare or pay any dividends in the foreseeable future. **[REDACTED]** should not **[REDACTED]** our ordinary shares with the expectation of receiving cash dividends. Any future determination to pay dividends will be made at the discretion of our Directors subject to our Articles of Association and the PRC Company Law, and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. As confirmed by our PRC Legal Advisor, according to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

USE OF [REDACTED]

We estimate that the aggregate **[REDACTED]** to our Company from the **[REDACTED]** will be approximately HK$**[REDACTED]**, after deducting **[REDACTED]**, fees and 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$**[REDACTED]** per H Share, being the mid-point of the indicative **[REDACTED]** range of HK$**[REDACTED]** to HK$**[REDACTED]** per H Share. We currently intend to apply such **[REDACTED]** from the **[REDACTED]** for the following purposes:

(a) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for ongoing and planned clinical trials, preparation for registration filings, and planned commercial launch of our Core Product, IMM01 (SIRPα-Fc fusion protein), of which

  (i) **[REDACTED]**%, or HK$**[REDACTED]**, will be used for funding an ongoing Phase II trial and planned pivotal clinical trials for the combination therapy of IMM01 and azacitidine for the treatment of MDS/AML, and CMML in China, the preparation of relevant registration filings and other regulatory matters;

  (ii) **[REDACTED]**%, or HK$**[REDACTED]**, will be used for funding ongoing and planned clinical trials of the combination therapy of IMM01 and tislelizumab in China, the preparation of relevant registration filings and other regulatory matters;

  (iii) **[REDACTED]**%, or HK$**[REDACTED]**, will be used for funding the launch and commercialization of IMM01 in combination therapies.

(b) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for ongoing and planned clinical trials, preparation for registration filings, and planned commercial launch of our Key Products, IMM0306 (CD47×CD20), IMM2902 (CD47×HER2) and IMM2520 (CD47×PD-L1), of which

  (i) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for ongoing and planned clinical trials of IMM0306 for the treatment of R/R B-NHL in China, the preparation of relevant registration filings, other regulatory matters, and planned commercial launch in China;

  (ii) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for the ongoing clinical trials of IMM2902 for the treatment of advanced HER2-positive and HER2-low expressing solid tumors in China and the U.S., the planned pivotal clinical trial of IMM2902 in China, the preparation of relevant registration filings, other regulatory matters, and planned commercial launch; and

  (iii) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for planned clinical trials of IMM2520 in China for the treatment of solid tumors, particularly those resistant or not sensitive to the currently available immunotherapies, such as CRC, GC, lung cancer and HNSCC, among others.

(c) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for the ongoing pre-clinical development and planned clinical trials of IMM47 (CD24 mAb) and IMM4701 (CD47×CD24);

(d) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for the ongoing clinical trials of IMM2510 (VEGF×PD-L1) and IMM27M (CTLA4 ADCC-enhanced mAb), as well as the clinical development of IMM40H (CD70 mAb);

(e) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for construction of our new manufacturing facility in Zhangjiang Science City, Shanghai;

(f) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for our continuous preclinical research and development of multiple discovery-stage assets, as well as CMC to support the clinical trials including pivotal trials for various assets; and

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

See the section headed "Future Plans and Use of **[REDACTED]** — Use of **[REDACTED]**" for details.

RISK FACTORS

Our operations and the **[REDACTED]** involve certain risks and uncertainties, some of which are beyond our control and may affect your decision to **[REDACTED]** in us and/or the value of your **[REDACTED]**. See the section headed "Risk Factors" for details of our risk factors, which we strongly urge you to read in full before making an investment in our Shares. Some of the major risks we face include:

- We depend substantially on the success of our clinical-stage and preclinical stage drug candidates. If we are unable to successfully complete development, obtain regulatory approval and commercialize our drug candidates, or if we experience significant delays in doing any of the foregoing, our business, financial condition, results of operations and prospects will be materially harmed.

- If clinical trials of our drug candidates 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 may ultimately be unable to complete, the development and commercialization of our drug candidates.

- We have no track record with very limited experience in launching and marketing approved drugs, and we may not be able to successfully create or increase market awareness of our drugs or sell our products, which will materially affect our ability to generate sales revenue.

- We have incurred significant net losses since inception. We expect that we will continue to incur net losses for the foreseeable future and we may not be able to generate sufficient revenue to achieve or maintain profitability. **[REDACTED]** are at risk of losing substantially all of their investments in our H Shares.

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

- Third parties may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights, the outcome of which would be uncertain.

- All material aspects of the research, development, manufacturing and commercialization of our drug candidates are heavily regulated and are subject to change. Any failure to comply with existing regulations and industry standards or any adverse actions by the drug-approval authorities against us could negatively impact our reputation and our business, financial condition, results of operations and prospects.

- We have entered into collaborations with our partners and may form or seek additional collaborations or strategic alliances or enter into licensing arrangements in the future. Please refer to the paragraphs headed "Business — Collaboration Agreement" for further details. We may not realize any or all benefits of such alliances or licensing arrangements, and disputes may arise between us and our collaboration partners.

[REDACTED] EXPENSES

[REDACTED] expenses to be borne by us are estimated to be approximately HK$ **[REDACTED]** (including **[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share, being the mid-point of the indicative **[REDACTED]** range of HK$**[REDACTED]** to HK$**[REDACTED]** per H Share), which represent **[REDACTED]**% of the **[REDACTED]** from the **[REDACTED]**, assuming no Shares are **[REDACTED]** pursuant to the **[REDACTED]**. The above **[REDACTED]** expenses are comprised of (i) **[REDACTED]**-related expenses of RMB**[REDACTED]**, including (a) the sponsors fee of RMB**[REDACTED]**, and (b) the **[REDACTED]** of RMB**[REDACTED]**, and (ii) non-**[REDACTED]**-related expenses of RMB**[REDACTED]**, including (a) the legal advisors and the reporting accountants expenses of RMB**[REDACTED]**, and (b) other fees and expenses of RMB**[REDACTED]**. In 2021 and 2022, **[REDACTED]** expenses were RMB**[REDACTED]** (approximately HK$**[REDACTED]**) and RMB**[REDACTED]** (approximately HK$**[REDACTED]**), respectively, and the deferred **[REDACTED]** were RMB**[REDACTED]** (approximately HK$**[REDACTED]**) and RMB**[REDACTED]** (approximately HK$**[REDACTED]**), respectively. After December 31, 2022, approximately HK$**[REDACTED]** is expected to be charged to our consolidated statements of profit or loss and other comprehensive expenses and approximately HK$**[REDACTED]** is expected to be accounted for 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. For details on our **[REDACTED]** expenses, see note 11 and note 21 to the Accountants' Report set out in the Appendix I to this document.

RECENT DEVELOPMENTS

Our recent developments of our drug candidates since the end of the Track Record Period include:

- Following the completion of the Phase Ib trial to evaluate the combination therapy of IMM01 and azacitidine for the treatment of R/R MDS and R/R AML, we have initiated a Phase II trial mainly for the first-line treatment of HR MDS, unfit AML and CMML in June 2022. Interim data as of February 10, 2023 from the Phase Ib/II trial has demonstrated a favorable safety and promising efficacy profile. Neither DLT nor hemagglutination was observed among all 12 patients receiving the combination treatment at all three dose levels of IMM01 (1.0 mg/kg, 1.5 mg/kg, and 2.0 mg/kg) in our Phase Ib trial. Moreover, the interim data obtained from our Phase II trial as of February 10, 2023 has demonstrated that: (i) among the eight evaluable patients with 1L CMML, two reached CR (2 CRs), six reached mCR (6 mCRs), and one reached HI (1 HI, which also achieved mCR), resulting in an ORR of 100%, and (ii) among the 16 evaluable HR MDS patients who have received at least three cycles of treatment, three achieved CR (3 CRs), nine achieved mCR (9 mCRs), and seven achieved HI (7 HIs, among which 4 also achieved mCR), resulting in an ORR of 93.8%.

- We have obtained an IND approval of a Phase Ib/II trial to evaluate IMM01 in the combination therapy of IMM01 and tislelizumab in solid tumors, including among others, NSCLC, SCLC, HNSCC, CRC, from the NMPA. We dosed the first patient for this Phase Ib/II trial in May 2022 and initiated the Phase II trial in December 2022. In addition, we obtained the NMPA's consent for adding R/R cHL as an additional expansion cohort into this ongoing trial in July 2022, and dosed the first patient with R/R cHL in January 2023.

- We have also observed favorable efficacy and safety data from the ongoing Phase I clinical trial for IMM0306 since January 2022. According to our initial clinical data as of February 27, 2023, IMM0306 was safe and well tolerated up to 2.0 mg/kg. Among the evaluable patients across four cohorts dosed from 0.8 mg/kg to 2.0 mg/kg, who had relapsed or progressed after receiving rituximab previously, two CRs and five PRs were

observed. The only evaluable FL patient at 2.0 mg/kg who relapsed and progressed after rituximab treatment has also been confirmed as PR. At 2.0 mg/kg, one patient with primary bone DLBCL who had four lines of prior treatment has achieved PR with all measurable lesions disappeared after 65 days of treatment. All these R/R B-NHL patients have been previously treated with and progressed after rituximab. We commenced a Phase IIa trial for IMM0306 monotherapy for the third- or later-line treatment of FL in March 2023 and plan to seek an accelerated marketing approval through a single-arm trial. Furthermore, our IND application for the combination of IMM0306 and lenalidomide targeting front-line B-NHL was approved by the NMPA in January 2023, and we are in preparation to commence the Phase Ib trial for this combination in China.

- We have initiated a Phase Ia/Ib trial for IMM2902 in advanced HER2-positive and HER2-low expressing solid tumors, including BC, GC, NSCLC and BTC, in China, and are enrolling the sixth cohort for this dose-escalation study in China. We have also initiated the clinical trial for advanced HER2-positive and HER2-low expressing solid tumors in the U.S. In July 2022, we received the Fast Track Designation for IMM2902 from the FDA.

- We have obtained IND approvals for IMM2520 from the NMPA in November 2022 and from the FDA in December 2022. We dosed the first patient for the Phase I clinical trial in China in March 2023.

Expected Increase in Net Loss

Since the end of the Track Record Period, our business has continuously grown, but we expect that our net loss will continue to increase in 2023, as compared to that in 2021 and 2022, primarily because (i) as we continue to carry out and expand our clinical development programs and advance the research and development of preclinical assets, we expect to incur increasing research and development expenses; and (ii) we expect to incur an increase in **[REDACTED]** expenses in connection with our proposed **[REDACTED]**.

IMPACT OF THE COVID-19 OUTBREAKS

Since late 2019, COVID-19 has spread rapidly globally. We have employed various measures to mitigate any impact the COVID-19 outbreaks may have on our operations in China and the U.S. and the development of our drug candidates, including offering personal protection equipment such as masks to our employees, regularly checking the body temperature of our employees and closely monitoring their health conditions. After the initial outbreak in late 2019, from time to time, especially since late 2021 and throughout 2022, there had been scattered outbreaks of COVID-19 in multiple regions of China and various control measures were taken to contain the COVID-19 spread. In late 2022, China began to modify its COVID-19 policy, and most of the travel restrictions and quarantine requirements were lifted in December 2022.

The COVID-19 outbreaks since March 2022 in Shanghai and certain other regions in China and the quarantine measures taken to contain the spread did not have material impact on us, primarily because (i) the outbreaks only affected our clinical trial sites in certain regions for a limited period of time, such as Shanghai from March to May 2022, Henan province and Liaoning province in October 2022, whereas the clinical trial sites located in COVID-19 low-risk areas were not impacted; (ii) during late March to May 2022 when the quarantine measures were in place in Shanghai, we had several essential workers voluntarily stayed at our facilities to ensure the continued research and development and CMC activities, and for the same reason, manufacturing of our product candidates was not interrupted and was able to continuously support our clinical development activities; (iii) we had resumed daily operations since the beginning of June 2022 in a way that our office had reopened, our employees had returned to office, and our research, clinical

development and CMC activities were fully recovered; since then and up to the Latest Practicable Date, we had not been subject to further suspension of our daily operations; (iv) for our drug candidates manufactured by CDMOs, we were informed that they were not severely affected by the outbreaks; (v) we had adequate raw materials for the continued manufacturing of our product candidates; and (vi) the construction of our manufacturing facilities was impacted due to the resurgence of COVID-19 in Shanghai; however, as we plan to work with our CMO/CDMO partners and reserve their manufacturing capacities in advance to meet the drug supply demands for pivotal trials and initial product launch of our product candidates, we expect limited impact of such potential delay on our operations and financial performance. The expected development progress of our drug candidates has taken into account the temporary delays and disruptions on our ongoing clinical trials and manufacturing capabilities caused by the previous COVID-19 outbreaks in Shanghai and certain other regions in China. However, as the COVID-19 outbreaks are with limited precedent, it is not possible to predict the impact on our business or our industry in a precise way.

In view of the above situation, our Directors confirmed that the COVID-19 outbreaks did not have a material adverse impact on our business operations and financial performance as of the Latest Practicable Date, as (i) there had been no material disruption of our ongoing clinical trials or research and development efforts; and (ii) we had not encountered any material supply chain disruption. We cannot foresee whether COVID-19 will have a material and adverse impact on our business going forward. See "Risk Factors — Key Risks Relating to Our Business, Business Operations, Intellectual Property Rights and Financial Prospects — The COVID-19 pandemic could adversely impact our business, including our clinical trials." We will closely monitor and evaluate any impact of such outbreak on us and adjust our precautionary measures according to its developments. We will also continue to monitor the COVID-19 situation as well as various regulatory and administrative measures adopted by local governments to prevent and control the outbreak.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial or trading position, indebtedness, contingent liabilities or prospects of our Group since December 31, 2022, the end of the period reported in the accountants' report set out in Appendix I to this document, and there is no event since December 31, 2022 that would materially affect the information contained in the accountants' report set out in Appendix I to this document.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set forth below. Certain other terms are explained in "Glossary of Technical Terms."

"Accountants' Report"	the accountants' report of our Company, the text of which is set out in Appendix I to this document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"AFRCO"	the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Articles of Association" or "Articles"	the articles of association of our Company conditionally adopted on June 14, 2022 with effect from the **[REDACTED]**, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in "Appendix V — Summary of Articles of Association" to this document
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Board" or "Board of Directors"	the board of Directors of our Company
"Business Day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"**[REDACTED]**"	the **[REDACTED]** as named in "Directors, Supervisors and Parties Involved in the **[REDACTED]**"
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participating in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participating in CCASS as a custodian participant

[REDACTED]

"CCASS Investor Participant"	a person admitted to participating in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Operational Procedures"	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time in force
"CCASS Participant"	a CCASS Broker Participant, a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this document, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"CNIPA"	China National Intellectual Property Administration (國家知識產權局)
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Company," "our Company" or "the Company"	ImmuneOnco Biopharmaceuticals (Shanghai) Inc. (宜明昂科生物醫藥技術(上海)股份有限公司), a joint stock company incorporated in the PRC with limited liability on June 14, 2022, or, where the context requires (as the case may be), its predecessor, ImmuneOnco Biopharmaceuticals (Shanghai) Co., Ltd. (宜明昂科生物醫藥技術(上海)有限公司), a limited liability company established in the PRC on June 18, 2015
"Compliance Advisor"	Rainbow Capital (HK) Limited
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
"CSDC"	China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)" or "our Director(s)"	the director(s) of our Company
"Domestic Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are subscribed for and paid up in Renminbi and are unlisted Shares which are currently not listed or traded on any stock exchange
"EIT"	enterprise income tax
"EIT Law"	Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), as amended, supplemented or otherwise modified from time to time
"Employee Shareholding Platforms"	the Onshore Employee Shareholding Platforms and the Offshore Employee Shareholding Platform
"Exchange Participant"	a person (a) who, in accordance with the Rules of the Stock Exchange, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the Government of Hong Kong
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company
"Frost & Sullivan Report"	the report commissioned by our Company and independently prepared by Frost & Sullivan, a summary of which is set forth in "Industry Overview"

"GBA Investment"	GBA Fund Investment Limited, a private company incorporated under the laws of Hong Kong on July 8, 2019

[REDACTED]

"Group," "our Group," "we" or "us"	our Company and our subsidiaries

[REDACTED]

"H Share(s)"	foreign share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which will be subscribed for and traded in HK dollars and listed on the Stock Exchange
"Halo Investment II" or "Offshore Employee Shareholding Platform"	Halo Biomedical Investment II Limited, a business company incorporated in the British Virgin Islands on October 20, 2021, and one of our Employee Shareholding Platforms
"Halo LP"	Halo Biomedical LP, a limited partnership established under the laws of the British Virgin Islands on October 19, 2021, the sole shareholder of Halo Investment II which is ultimately controlled by Dr. Tian
"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

[REDACTED]

[REDACTED]

"Huabo Biopharm"	Huabo Biopharm (Shanghai) Co., Ltd. (華博生物醫藥技術(上海)有限公司), a limited company established under the laws of the PRC
"IFRSs"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretations issued by the International Accounting Standards Committee
"ImmuneOnco Hong Kong"	ImmuneOnco Hong Kong Limited, a limited liability company established under the laws of Hong Kong on September 15, 2021, which is a wholly-owned subsidiary of our Company
"ImmuneOnco Shanghai"	ImmuneOnco (Shanghai) Biopharma Co., Ltd (宜明昂科生物藥業(上海)有限公司), a limited liability company established under the laws of the PRC on September 28, 2021, which is a wholly-owned subsidiary of our Company
"ImmuneTANK"	ImmuneTANK Biopharmaceuticals (Shanghai) Co., Ltd. (宜明探科生物醫藥技術(上海)有限公司), a limited liability company established under the laws of the PRC on February 5, 2018, which is a wholly-owned subsidiary of our Company
"independent third party(ies)"	entity(ies) or person(s) which, to the best of our Directors' knowledge, information, and belief having made all reasonable enquiries, is/are not a connected person(s) of our Company within the meaning of the Listing Rules

[REDACTED]

[REDACTED]

"Jiaxing Changxian"	Jiaxing Changxian Enterprise Management L.P (Limited Partnership) (嘉興昶咸企業管理合夥企業(有限合夥)), a limited liability partnership incorporated in the PRC on April 29, 2016 and one of our Employee Shareholding Platforms
"Jiaxing Changyu"	Jiaxing Changyu Enterprise Management L.P (Limited Partnership) (嘉興昶宇企業管理合夥企業(有限合夥)), a limited liability partnership incorporated in the PRC on March 24, 2021 and one of our Employee Shareholding Platforms

[REDACTED]

"Joint Sponsors"	Morgan Stanley Asia Limited and China International Capital Corporation Hong Kong Securities Limited
"Lapam Capital"	Beijing Lapam Healthcare Investment Centre (Limited Partnership) (北京龍磐健康醫療投資中心(有限合夥)), a limited partnership incorporated under the laws of the PRC on January 24, 2017
"LAV ImmuneOnco"	LAV ImmuneOnco Hong Kong Limited (禮安宜明有限公司), a private company incorporated under the laws of Hong Kong on July 14, 2020
"Latest Practicable Date"	March 17, 2023, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[REDACTED]

"Listing Committee"	the listing committee of the Stock Exchange

[REDACTED]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Macroimmune"	Macroimmune Inc, a limited liability company established under the laws of Delaware on January 6, 2014, which is a wholly-owned subsidiary of our Company
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Mandatory Provisions"	the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》), as amended, supplemented or otherwise modified from time to time, for inclusion in the articles of association of companies established under the laws of the PRC to be listed overseas (including Hong Kong), which were promulgated by the former Securities Commission of the State Council (國務院證券委員會) and the former State Commission for Restructuring the Economic Systems (國家經濟體制改革委員會) on August 27, 1994
"Ministry of Finance" or "MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Dr. Tian"	Dr. Tian Wenzhi (田文志), the chairman of the Board, the chief executive officer, the chief scientific officer and the executive Director of our Company, and our Single Largest Shareholder
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"Nomination Committee"	the nomination committee of our Board

[REDACTED]

"Onshore Employee Shareholding Platforms"	Jiaxing Changxian and Jiaxing Changyu

[REDACTED]

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as amended and adopted by the Standing Committee of the Eighth National People's Congress on December 29, 1993 and effective on July 1, 1994, which was last amended and became effective on October 26, 2018, as amended, supplemented or otherwise modified from time to time
"PRC Government" or "State"	the central government of the PRC, including all governmental subdivisions (including principal, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Advisor"	JunHe LLP, our legal advisor as to PRC laws
"Pre-**[REDACTED]** Investment(s)"	the investment(s) in our Company undertaken by the **[REDACTED]**, details of which are set out in "History, Development and Corporate Structure"
"Pre-**[REDACTED]** Investor(s)"	the investor(s) from whom our Company obtained several rounds of investments, the details of which are set out in "History, Development and Corporate Structure"

[REDACTED]

"document"	this document being issued in connection with the **[REDACTED]**

"QIB"	a qualified institutional buyer within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of our Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
"SAT"	the State Administration of Taxation of the PRC (中國國家税務總局)
"Series A Financing"	one of the Pre-**[REDACTED]** Investments in our Company, the details of which are set out in "History, Development and Corporate Structure — Establishment and Major Shareholding Changes of our Company — Equity Transfer and Series A Financing"
"Series B Financing"	one of the Pre-**[REDACTED]** Investments in our Company, the details of which are set out in "History, Development and Corporate Structure — Establishment and Major Shareholding Changes of our Company — Equity Transfer and Series B Financing"
"Series B+ Financing"	one of the Pre-**[REDACTED]** Investments in our Company, the details of which are set out in "History, Development and Corporate Structure — Establishment and Major Shareholding Changes of our Company — Equity Transfer and Series B+ Financing"
"Series C Financing"	one of the Pre-**[REDACTED]** Investments in our Company, the details of which are set out in "History, Development and Corporate Structure — Establishment and Major Shareholding Changes of our Company — Equity Transfer and Series C Financing"
"Series Pre-A Financing"	one of the Pre-**[REDACTED]** Investments in our Company, the details of which are set out in "History, Development and Corporate Structure — Establishment and Major Shareholding Changes of our Company — Series Pre-A Financing"
"Series Pre-B Financing"	one of the Pre-**[REDACTED]** Investments in our Company, the details of which are set out in "History, Development and Corporate Structure — Establishment and Major Shareholding Changes of our Company — Series Pre-B Financing"
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Shanghai-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Stock Exchange, Shanghai Stock Exchange, HKSCC and CSDC for the establishment of mutual market access between Hong Kong and Shanghai
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, comprising the Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Shenzhen-Hong Kong Stock Connect"	a securities trading and clearing links program to be developed by the Stock Exchange, Shenzhen Stock Exchange, HKSCC and CSDC for the establishment of mutual market access between Hong Kong and Shenzhen
"Single Largest Shareholder"	Dr. Tian. For further details, see "Relationship with Our Single Largest Shareholder"
"Sophisticated Investor(s)"	has the meaning given to is under Guidance Letter HKEX-GL92-18 issued by the Stock Exchange
"Special Regulations"	the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》), promulgated by the State Council on August 4, 1994, as amended, supplemented or otherwise modified from time to time
	[REDACTED]
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	member(s) of our Supervisory Committee
"Supervisory Committee"	the supervisory committee of our Company
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-back issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the periods comprising the two financial years ended December 31, 2021 and 2022
	[REDACTED]

"Unlisted Foreign Share(s)"	ordinary share(s) issued by our Company with a nominal value of RMB1.00 each which is/are held by foreign investors and not listed on any stock exchange
"Unlisted Share(s)"	Domestic Shares and Unlisted Foreign Shares
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollar" or "US$"	United States dollar, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder

[REDACTED]

"Zhangjiang Sci & Tech"	Shanghai Zhangjiang Science & Technology Venture Capital Co., Ltd. (上海張江科技創業投資有限公司), a company incorporated under the laws of the PRC on October 9, 2004
"ZJ Leading Initiating VC"	Shanghai Zhangjiang Leading Initiating Venture Capital (Limited Partnership) (上海張科領弋升帆創業投資中心(有限合夥)), a limited partnership incorporated under the laws of the PRC on September 17, 2015
"ZJ Leading SiQi VC"	Jiaxing Zhangke Lingyi Siqi Equity Investment Partnership (Limited Partnership) (嘉興張科領弋思齊股權投資合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on November 2, 2020
"%"	per cent

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

For the purpose of this document, references to "provinces" of China include provinces, municipalities under direct administration of the central government and provincial-level autonomous regions.

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

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain technical terms used in this document in connection with us and our business. These may not correspond to standard industry definitions, and may not be comparable to similarly terms adopted by other companies.

"AACR"	American Association for Cancer Research
"adaptive immunity"	a type of immunity that functions as the second line of defense that identifies and eliminates specifically presented foreign substance or antigens
"ADC"	antibody drug conjugate, a class of biopharmaceutical drugs that combine monoclonal antibodies specific to surface antigens present on particular tumor cells with highly potent antitumor small molecule agents linked via a chemical linker
"affinity"	the extent or fraction to which a drug binds to receptors at any given drug concentration or the firmness with which the drug binds to the receptor. Affinity describes the strength of the attraction between two chemicals, or an antigen and an antibody
"AML"	acute myeloid leukemia
"angiogenesis"	the formation and remodelling of new blood vessels and capillaries from growth of pre-existing blood vessels
"antibody-dependent cellular cytotoxicity" or "ADCC"	an immune mechanism through which Fc receptor-bearing effector cells can recognize and kill antibody-coated target cells expressing tumor- or pathogen-derived antigens on their surface
"antibody-dependent cellular phagocytosis" or "ADCP"	the mechanism by which antibody-opsonized target cells activate the Fc receptors on the surface of phagocytes to induce phagocytosis, resulting in internalization and degradation of the target cell through phagosome acidification
"antibody-dependent cellular trogocytosis" or "ADCT"	tumor-targeted antibody-mediated transfer of membrane fragments and ligands from tumor cells to effector cells such as monocytes, macrophages, and neutrophils
"antigen"	molecule that stimulates an immune response by activating lymphocytes
"apoptosis"	programmed cell death, a genetically directed process of cell self-destruction that is marked by the fragmentation of nuclear DNA
"ASCO"	American Society of Clinical Oncology
"ASH"	American Society of Hematology
"assay"	an analysis done to determine (1) the presence of a substance and the amount of that substance and (2) the biological or pharmacological potency of a drug

GLOSSARY OF TECHNICAL TERMS

"autoimmune diseases"	diseases which arise from an abnormal immune response of the body against substances and tissues normally present in the body
"azacitidine"	a pyrimidine analogue, is an antineoplastic agent that acts mainly by causing hypomethylation of cytosine residues in newly replicated DNA
"BC"	breast cancer
"B cell(s)"	a type of white blood cell, which are the results of multipotential cell differentiation in the bone marrow and mainly responsible for producing antibodies
"bispecific antibody"	antibodies with two binding sites directed at two different targets or two different epitopes on the same target
"BLA"	biologics license application
"B-NHL"	B-cell non-Hodgkin lymphoma
"BTC"	biliary tract cancer
"CAGR"	compound annual growth rate
"carcinoma"	a cancer that begins in the lining layer (epithelial cells) of organs
"CAR-T"	Chimeric Antigen Receptor T-Cell Immunotherapy
"CC"	cervical cancer
"CD3"	cluster of differentiation 3, a protein complex and T cell co-receptor that is involved in activating both the cytotoxic T cell and T helper cells
"CD20"	cluster of differentiation 20, a cell surface protein widely expressed on B cells
"CD24"	cluster of differentiation 24, is a highly glycosylated protein with a small protein core that is linked to the plasma membrane via a glycosyl-phosphatidylinositol anchor. It is widely expressed on numerous types of tumor cells, and has been recognized as an important marker for poor prognosis of those cancers
"CD27"	cluster of differentiation 27, a member of the tumor necrosis factor receptors family, is constitutively expressed on thymocytes, naïve T cells, B cells, and NK cells
"CD47"	cluster of differentiation 47, also known as integrin associated protein, a membrane protein which provides a "don't eat me" signal to macrophages
"CD70"	cluster of differentiation 70, a protein that is expressed on activated lymphocytes

GLOSSARY OF TECHNICAL TERMS

"CD80"	cluster of differentiation 80, one of the proteins in the immunoglobulin superfamily, a type I transmembrane protein on activated B cells, activated monocytes, activated follicular dendritic cells, and some activated T cells, which provides a costimulatory signal to T cells during antigen presentation
"CD86"	cluster of differentiation 86, a costimulatory molecule belonging to the immunoglobulin superfamily expressed on dendritic cells, macrophages, B cells, and other antigen-presenting cells
"CDMO(s)"	contract development and manufacturing organization, which is a pharmaceutical company that develops and manufactures drugs for other pharmaceutical companies on a contractual basis
"cell line"	a population of cells which descend from a single cell and contain the same genetic makeup, thereby producing the same proteins. The productivity of a cell line determines the cost of manufacturing and the quality of a cell line is directly related to the quality of the relevant biologics
"cGMP"	current Good Manufacturing Practice
"chemokines"	a family of small cytokines or signaling proteins secreted by cells that induce directed chemotaxis in nearby responsive cells
"chemotherapy" or "chemo"	a category of cancer treatment that uses one or more anti-cancer chemotherapeutic agents as part of its standardized regimen
"cHL"	classical Hodgkin lymphoma
"chimeric"	in the laboratory, a chimeric protein can be made by combining two different genes. For example, a chimeric antibody is made by joining antibody genes from two different species, such as human and mouse
"CLL"	chronic lymphocytic leukemia
"clinical trial"	a research study for validating or finding the therapeutic effects and side effects of test drugs in order to determine the therapeutic value and safety of such drugs
"CMC"	chemistry, manufacturing, and controls processes, including manufacturing techniques, impurities studies, quality controls and stability studies
"CMML"	chronic myelomonocyte leukemia
"CMO(s)"	contract manufacturing organization(s), a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services from drug development through drug manufacturing
"cohort"	a group of patients as part of a clinical study who share a common characteristic or experience within a defined period and who are monitored over time

GLOSSARY OF TECHNICAL TERMS

"combination therapy" or "combo"	treatment in which a patient is given two or more drugs (or other therapeutic agents) for a single disease
"complement-dependent cytotoxicity" or "CDC"	the mechanism by which antibody-coated target cells recruit and activate components of the complement cascade, leading to the formation of a membrane attack complex on the cell surface and subsequent cell lysis
"compound(s)"	a substance consisting of two or more elements in union
"COVID-19"	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus
"CR"	complete response, which means that all target lesions have disappeared during the course of treatment
"CRC"	colorectal cancer
"CRi"	complete remission with incomplete hematologic recovery
"CRO(s)"	contract research organization, a company provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research and development services outsourced on a contract basis
"CRS"	cytokine release syndrome, an acute systemic inflammatory syndrome characterized by fever and multiple organ dysfunction that is associated with CAR-T therapy, therapeutic antibodies, and haploidentical allogeneic transplantation.
"CTLA-4"	cytotoxic T-lymphocyte-associated protein 4, which down-regulates T cell immune response to cancer cells
"cytokine(s)"	a broad and loose category of small proteins that are important in cell signaling, whose release has an effect on the behavior of cells expressing corresponding receptors/ligands
"cytotoxic"	toxic to living cells
"dendritic cells" or "DC"	cells that constantly sample their surroundings for pathogens such as viruses and bacteria, detect dangers, and initiate immune responses. Immature patrolling dendritic cells have high endocytic activity and a low T-cells activation potential. Contact with a pathogen induces maturation and the expression of certain cell-surface molecules, greatly enhancing their ability to activate T cells
"DCR"	disease control rate
"DLBCL"	diffuse large B-cell lymphoma, a common type of non-Hodgkin's lymphoma that starts in lymphocytes
"DLT"	dose-limiting toxicity, side effects of a drug or other treatment that are serious enough to prevent an increase in dose of that treatment in clinical trial

GLOSSARY OF TECHNICAL TERMS

"docetaxel"	a chemotherapy medication used to treat a number of types of cancer, including breast cancer, head and neck cancer, stomach cancer, prostate cancer and NSCLC
"EC"	esophageal cancer
"EGFR"	epidermal growth factor receptor
"ESCC"	esophageal squamous cell carcinoma, a high-mortality cancer with complex etiology and progression involving both genetic and environmental factors
"Fc" or "Fc region"	fragment crystallisable region, which is the tail region of an antibody that interacts with cell surface receptors called Fc receptors and some proteins of the complement system
"FcγR"	Fc-gamma receptors, a receptor for the Fc region of immunoglobulin
"FDA"	the Food and Drug Administration of the United States
"first-line"	with respect to any disease, the first line therapy, which is the treatment regimen or regimens that are generally accepted by the medical establishment for initial treatment
"FL"	follicular lymphoma
"fusion protein"	proteins consisting of at least two domains that are encoded by separate genes
"GC"	gastric cancer
"GMP"	a system for ensuring that products are consistently produced and controlled according to quality standards, which is designed to minimize the risks involved in any pharmaceutical production that cannot be eliminated through testing the final product. It is also the practice required in order to conform to the guidelines recommended by agencies that control the authorization and licensing of the manufacture and sale of pharmaceutical products
"Grade"	term used to refer to the severity of adverse events, using Grade 1, Grade 2, Grade 3, etc.
"HCC"	hepatocellular carcinoma
"hemagglutination"	clumping together of red blood cells, a form of agglutination that involves red blood cells
"HER2"	human epidermal growth factor receptor 2
"HER2-expressing"	HER2 status of tumor cells identified with a test score of IHC 1+ or above
"HER2-positive"	HER2 status of tumor cells identified with a test score of either IHC 3+ or IHC 2+/FISH (or ISH)+ (IHC 2+ plus FISH (or ISH)+)

GLOSSARY OF TECHNICAL TERMS

"HER2-low expressing"	HER2 status of tumor cells identified with a test score of either IHC 2+/FISH (or ISH)- (IHC 2+ plus FISH (or ISH)-) or IHC 1+
"HI"	hematological improvement
"higher-risk MDS" or "HR MDS"	refers to MDS patients who fall into higher-risk group categories in the original or revised International Prognostic Scoring System
"HL"	Hodgkin lymphoma
"HNSCC"	head and neck squamous cell carcinoma
"IgG1"	immunoglobulin G1
"IgG2"	immunoglobulin G2
"IgG4"	immunoglobulin G4
"IL-8"	Interleukin-8, one of the major mediators of the inflammatory response, which plays a role as a chemoattractant, and is also a potent angiogenic factor
"immune checkpoint inhibitors"	a type of drugs that block certain proteins made by some types of immune system cells, and/or cancer cells, which help promote immune responses and allow immune cells to kill cancer cells
"immunogenicity"	the ability of a particular substance, such as an antigen or epitope, to provoke an immune response in the body of a human and other animal. In other words, immunogenicity is the ability to induce a humoral and/or cell-mediated immune responses
"immuno-oncology therapies" or "immunotherapy"	a type of therapy that involves the immune system to help the body fight cancer, infection, and other diseases
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or the U.S.
"indication"	a sign, symptom, or medical condition that leads to the recommendation of a treatment, test, or procedure
"inhibitor"	a chemical or substance added or applied to another substance to slow down a reaction or to prevent an unwanted chemical change
"innate immunity"	an immunity system that forms the body's first line of defense and consists of proteins and cells that identify foreign substances and provide an immediate immune response
"*in vitro*"	Latin for "within the glass," studies using components of an organism that have been isolated from their usual biological surroundings, such as microorganisms, cells or biological molecules

GLOSSARY OF TECHNICAL TERMS

"*in vivo*"	Latin for "within the living," studies in which the effects of various biological or chemical substances are tested on whole, living organisms as opposed to a partial or dead organism, or those done in vitro
"macrophages"	a type of white blood cell that plays a role to phagocytose antigens, removes dead cells, and stimulates the action of other immune system cells
"mCR"	marrow complete response
"MDS"	myelodysplastic syndrome
"metastatic"	in reference to any disease, including cancer, disease producing organisms or of malignant or cancerous cells transferred to other parts of the body by way of the blood or lymphatic vessels or membranous surfaces
"MHC"	major histocompatibility complex
"MM"	multiple myeloma
"monoclonal antibody" or "mAb"	a monospecific antibody against a specific epitope on an antigen made by identical immune cells that are all clones of a unique parent cell, in contrast to polyclonal antibodies which are made from hundreds of different immune cells
"monotherapy"	therapy that uses a single drug to treat a disease or condition
"MTD"	maximum tolerated dose, the highest dose of a drug or treatment that does not cause unacceptable side effects
"MZL"	marginal zone lymphoma
"NDA"	new drug application or biologics license application, as applicable
"NHL"	non-Hodgkin lymphoma
"NK cells"	natural killer cells, a type of cytotoxic lymphocyte, which provides rapid responses to virus-infected cell and other intracellular pathogens, and respond to tumor formation
"NSCLC"	non-small cell lung cancer
"OC"	ovarian cancer
"ORR"	overall response rate or objective response rate, which is equal to the sum of CR and PR
"OS"	overall survival
"PD"	progressive disease, refers to a at least 20% increase in the size of a tumor or in the extent of cancer in the body in response to treatment, according to RECIST

GLOSSARY OF TECHNICAL TERMS

"PD-1"	programmed cell death protein 1, an immune checkpoint receptor expressed on T cells, B cells and macrophages. The normal function of PD-1 is to turn off the T cell mediated immune response as part of the process that stops a healthy immune system from attacking other pathogenic cells in the body. When PD-1 on the surface of a T cell attaches to certain proteins on the surface of a normal cell or a cancer cell, the T cell turns off its ability to kill the cell
"PD-L1"	PD-1 ligand 1, which is a protein on the surface of a normal cell or a cancer cell that binds to its receptor, PD-1, on the surface of the T cell that causes the T cell to turn off its ability to kill the cancer cell
"PFS"	progression-free survival, the length of time during and after the treatment of a disease, such as cancer, that a patient lives without the disease getting worse. In a clinical trial, measuring the progression-free survival is one way to see how well a new treatment works
"Phase I clinical trials"	study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness
"Phase II clinical trials"	study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases, and to determine dosage tolerance and optimal dosage
"Phase III clinical trials"	study in which a drug is administered to an expanded patient population generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the labeling of the product
"PK"	the activity of drugs in the body over a period of time, including the processes by which drugs are absorbed, distributed in the body, metabolized and excreted.
"PR"	partial response, refers to an at least 30% but below 100% decrease in the size of a tumor or in the extent of cancer in the body in response to treatment, according to RECIST
"preclinical studies"	studies or programs testing a therapeutic *in vitro* or *in vivo* under laboratory condition, to gather efficacy, toxicity, pharmacokinetic and safety information and to decide whether the drug is ready for clinical trials
"RBC"	red blood cell
"RCC"	renal cell carcinoma

GLOSSARY OF TECHNICAL TERMS

"RECIST"	Response Evaluation Criteria in Solid Tumors, a set of published rules as a standard way to measure how well a cancer patient responds to treatment. It is based on whether tumors shrink, stay the same, or get bigger. The criteria were published in February 2000 by an international collaboration including the European Organisation for Research and Treatment of Cancer (EORTC), National Cancer Institute of the United States, and the National Cancer Institute of Canada Clinical Trials Group. Now the majority of clinical trials evaluating cancer treatments for objective response in solid tumors use RECIST. These criteria were developed and published in February 2000, and subsequently updated in 2009
"recombinant"	the combination of genetic materials from more than one origin, or a method to express native proteins in vitro by genetic engineering
"refractory"	when used in reference to any type of cancer, cancer that does not respond to treatment. The cancer may be resistant at the beginning of treatment or it may become resistant during treatment
"registrational trial"	the clinical trial or study to demonstrate clinical efficacy and safety evidence required before submission for drug marketing approval
"relapsed"	when used in reference to any disease, including cancer, the return of a disease or the signs and symptoms of a disease after a period of improvement. With respect to cancer, the likely relapse occurs because a few of the original cancer cells survived the initial treatment. Sometimes, this is because cancer cells spread to other parts of the body and were too small to be detected during the follow-up immediately after treatment
"RP2D"	recommended Phase II dose
"R/R"	relapsed/refractory
"SAE"	serious adverse events, any medical occurrence in human drug trials that at any dose: results in death; is life-threatening; requires inpatient hospitalization or causes prolongation of existing hospitalization; results in persistent or significant disability/incapacity; may have caused a congenital anomaly/birth defect, or requires intervention to prevent permanent impairment or damage
"SCLC"	small-cell lung cancer
"SD"	stable disease. In oncology, it refers to cancer that is neither decreasing at least 30% nor increasing at least 20% in the size of a tumor or in the extent of cancer in the body in response to treatment, according to RECIST
"Siglec-10"	Sialic acid-binding Ig-like lectin 10, is an inhibitory receptor that highly expresses in B-cells and other immune cells.

GLOSSARY OF TECHNICAL TERMS

"SIRPα"	signal regulatory protein α, a regulatory membrane glycoprotein, which serves as an inhibitory receptor and interacts with CD47, negatively controlling effector function of innate immune cells such as phagocytosis
"solid tumor"	an abnormal mass of tissue that usually does not contain cysts or liquid areas. Solid tumors may be benign (not cancer), or malignant (cancer). Different types of solid tumors are named for the type of cells that form them
"standard of care"	treatment that is accepted by medical experts as a proper treatment for a certain type of disease and that is widely used by healthcare professionals
"SUSAR"	suspected unexpected serious adverse reaction
"T cell(s)" or "T lymphocyte(s)"	a lymphocyte of a type produced or processed by the thymus gland and actively participating in the immune response, which plays a central role in cell-mediated immunity
"tislelizumab"	tislelizumab is a humanized IgG4 anti-PD-1 monoclonal antibody
"TME"	tumor microenvironment
"TNBC"	triple-negative breast cancer, broadly refers to any breast cancer that does not express the genes for estrogen receptor, progesterone receptor and HER2/neu
"toxicity"	the degree to which a substance or a mixture of substances can harm humans or animals. It is expressed generally as a dose response
"TRAE(s)"	treatment-related adverse events
"T_{reg}"	regulatory T cells, that are a specialized subpopulation of T cells which have a role in regulating or suppressing other cells in the immune system. T_{reg} controls the immune response to antigens and help prevent autoimmune disease
"translational medicine"	research that transforms scientific discoveries arising from laboratory, clinical or population studies into new clinical tools and applications that improve human health by reducing disease incidence, morbidity and mortality
"USPTO"	United States Patent and Trademark Office
"VEGF"	vascular endothelial growth factor, a family of signaling protein critical for the growth of the new vessels and thereby development of cancer cells. VEGF binds to VEGF receptors (VEGFR), which exist as three main subtypes, including VEGFR-1, VEGFR-2 and VEGFR-3
"xenograft model"	In the xenograft model, human cancer cells are implanted in an immunodeficient mouse. Subsequently a drug or drug combination is administered

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that relate to our current expectations and views of future events. These forward-looking statements are contained principally in "Summary," "Risk Factors," "Industry Overview," "Business," "Financial Information" and "Future Plans and Use of **[REDACTED]**." These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed in "Risk Factors," which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "potential," "continue," "is/are likely to" or other similar expressions. These forward-looking statements include, among other things, statements relating to:

- our operations and business prospects;
- our financial condition and performance;
- our capital expenditure plan;
- our ability to complete the development and obtain the relevant requisite regulatory approvals of our drug candidates;
- our ability to commercialize our approved products in a timely manner;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- the effects of the on-going COVID-19 pandemic;
- the actions and developments of our competitors;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our business strategies and plans to achieve these strategies;
- our ability to defend our intellectual rights and protect confidentiality;
- the effectiveness of our quality control systems;
- change or volatility in interest rates, foreign exchange rates, **[REDACTED]**, **[REDACTED]**, commodity prices and overall market trends, including those pertaining to the PRC and the industry and markets in which we operate; and
- capital market developments.

FORWARD-LOOKING STATEMENTS

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set forth in "Risk Factors."

The forward-looking statements made in this document relate only to events or information as of the date on which the statements are made in this document. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this document completely and with the understanding that our actual future results or performance may be materially different from what we expect.

In this document, statements of, or references to, our intentions or those of any of our Directors are made as of the date of this document. Any of these intentions may change in light of future development.

An **[REDACTED]** *in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an* **[REDACTED]** *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and prospects. In any such case, the* **[REDACTED]** *of our H Shares could decline, and you may lose all or part of your* **[REDACTED]**.

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

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) key risks relating to our business, business operations, intellectual property rights and financial prospects; (ii) other risks relating to our business, comprising (a) risks relating to the development of our drug candidates, (b) risks relating to extensive government regulation, (c) risks relating to manufacturing of our drug candidates and drugs, (d) risks relating to commercialization of our drugs, (e) risks relating to our intellectual property rights; and (f) risks relating to our reliance on third parties; (iii) other risks relating to our financial position and need for additional capital; (iv) other risks relating to our operations; (v) risks relating to our doing business in China; and (vi) risks relating to the **[REDACTED]**.

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition, results of operations and prospects. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

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

We depend substantially on the success of our clinical-stage and preclinical stage drug candidates. If we are unable to successfully complete development, obtain regulatory approval and commercialize our drug candidates, or if we experience significant delays in doing any of the foregoing, our business, financial condition, results of operations and prospects will be materially harmed.

All of our drug candidates are still in development. Our ability to generate revenue and realize profitability depends on our ability to successfully complete the development of our drug candidates, obtain necessary regulatory approvals, and manufacture and commercialize our drug candidates. We have invested a significant portion of our efforts and financial resources in the development of our existing drug candidates, and we expect to continue to incur substantial and increasing expenditures for the development and commercialization of our drug candidates. The success of our drug candidates will depend on several factors, including but not limited to:

- successful completion of preclinical and clinical studies;
- obtaining positive results in our clinical trials demonstrating efficacy, safety and durability of effect of our drug candidates;
- receipt of regulatory approvals for planned clinical trials, future clinical trials or drug registrations, manufacturing and commercialization;

- successful identification of potential drug candidates based on our research or business development methodology or search criteria and process;
- sufficient resources to acquire or discover additional drug candidates;
- establishing sufficient commercial manufacturing capabilities, by expanding our existing facilities, building new facilities, and collaborating with CROs and CDMOs;
- the performance by CROs, CDMOs or other third parties we may retain to conduct clinical trials, of their duties to us in a manner that complies with our protocols and applicable laws and that protects the integrity of the resulting data;
- obtaining, maintaining and enforcing patent, trademark, trade secret and other intellectual property protection and regulatory exclusivity for our drug candidates;
- ensuring we do not infringe, misappropriate or otherwise violate the patents, trademarks, trade secrets or other intellectual property rights of third parties;
- successfully launching commercial sales of our drug candidates, if and when approved;
- obtaining and maintaining favorable governmental and private reimbursement from third-party payers for drugs, if and when approved;
- competition with other drug products; and
- continued acceptable safety profile of our drug candidates following regulatory approval.

As of the Latest Practicable Date, we had eight ongoing clinical programs in China and/or the U.S., five IND/IND-enabling-stage programs, and multiple discovery- and preclinical-stage assets. However, we cannot guarantee that we will be able to obtain regulatory approvals for our drug candidates in a timely manner, or at all. In addition, none of our drug candidates has been approved for marketing in any jurisdiction. Our pipeline products may require additional preclinical and/or clinical development, regulatory approvals, building of manufacturing capabilities and capacities, and substantial investment and significant marketing efforts, before we are able to generate any revenue from product sales.

If clinical trials of our drug candidates 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 may ultimately be unable to complete, the development and commercialization of our drug candidates.

Before obtaining regulatory approval for the sale of our drug candidates, we must conduct extensive clinical trials to demonstrate the safety and efficacy of our drug candidates in humans. If the results of clinical trials of our product candidates are not positive or only modestly positive for proposed indications or if they raise safety concerns, we may (i) be subject to substantial liabilities, (ii) be delayed in or even prevented from obtaining regulatory approval for our drug candidates, (iii) obtain approval for indications that are not as broad as intended, (iv) have the product removed from the market after obtaining regulatory approval, (v) be subject to additional post-marketing testing requirements, (vi) be subject to restrictions on how the product is distributed or used; or (vii) be unable to obtain reimbursement for use of the product. Any of such events could materially and adversely affect our ability to commercialize the subject products and generate revenue.

A major risk we face is the possibility that we may be prevented or delayed in obtaining marketing approval for such product candidates if the results of our ongoing or future preclinical studies and clinical trials are inconclusive with respect to the safety and efficacy of our product candidates, if we do not meet the clinical endpoints with statistical and clinically meaningful significance, or if there are safety concerns associated with our product candidates. In some instances, there can be significant variability in safety or efficacy results between different preclinical studies and clinical trials of the same drug candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, changes in and adherence to the clinical trial protocols and the rate of dropout among clinical trial participants.

While we are in early stages of clinical trials with our product candidates, it is likely that there may be side effects associated with their use. For example, CD47-targeted agents are shown to cause blood toxicity in clinical trials, such as anemia, thrombocytopenia and hemagglutination (clumping of red blood cells). If the results of our trials reveal a high and unacceptable severity and prevalence of these or other side effects associated with our drug candidates, our trials could be suspended or terminated and the NMPA or comparable foreign regulatory authorities could order us to cease further development of or deny approval of our drug candidates for any or all targeted indications, and we may need to abandon their development or limit development to more narrow uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective. Treatment-related side effects could also affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. Any of these occurrences may harm our business, financial condition and prospects significantly.

In addition, the laws and regulations governing clinical trials are evolving rapidly, and the interpretations and enforcement of these laws and regulations may bring uncertainties to our drug development process. For example, the Center for Drug Evaluation recently released the Clinical Value-Oriented Anti-tumor Drug Clinical Research and Development Guideline, or the Guideline, which requires that clinical trials shall be designed in a more patient-friendly manner and shall consider the patients' actual needs when identifying drug candidates. The Guideline releases a signal from the PRC government to raise the quality and safety standards on clinical trials for oncology drugs. Such evolving rules may make it more difficult and costly for us and other biopharmaceutical companies to identify oncology drug candidates, obtain regulatory and ethic approvals, and enroll and maintain subjects for clinical trials.

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

We may not be able to initiate or continue clinical trials for our drug candidates if we are unable to locate and enroll a sufficient number of eligible subjects to participate in these trials as required by the NMPA, the FDA, or similar regulatory authorities, or if there are delays in the enrollment of eligible subjects as a result of the competitive clinical enrollment environment. Overall, we may experience difficulties in subject enrollment in our clinical trials for a variety of reasons, including but not limited to:

- severity of the disease under investigation;
- the size and nature of the subject population;
- the subject eligibility criteria defined in the protocol;
- the size of the study population required for analysis of the trial's primary endpoints;
- the proximity of subjects to trial sites;

- the design of the trial;
- our ability to recruit clinical trial investigators with the appropriate competencies and experience;
- clinicians' and subjects' perceptions of the potential advantages and side effects of the drug candidate under study compared to other available therapies;
- our ability to obtain and maintain subject consents;
- the risk that subjects enrolled in clinical trials will not complete a clinical trial; and
- the availability of approved therapies that are similar in mechanism to our drug candidates.

Our clinical trials may compete with clinical trials for other drug candidates that are in the same therapeutic areas as our drug candidates. This competition will potentially reduce the number and types of subjects available to us, since some subjects who might have opted to enroll in our trials may instead opt for a trial being conducted by our competitors. Even if we are able to enroll a sufficient number of subjects in our clinical trials, delays in subject enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could prevent completion of these trials and materially and adversely affect our ability to advance the development of our drug candidates.

We have no track record with very limited experience in launching and marketing approved drugs, and we may not be able to successfully create or increase market awareness of our drugs or sell our products, which will materially affect our ability to generate sales revenue.

Our financial performance depends on the successful launching and marketing of our clinical-stage and preclinical stage drug candidates. As all of our drug candidates are in the development stage, we have not yet demonstrated an ability to commercialize any of our drug candidates. Our ability to successfully commercialize approved drugs may involve more inherent risk, take longer, and cost more than it would if we were a company with experience launching and marketing approved drugs.

We will build up our commercialization and distribution capabilities to maximize our product offering and expedite market acceptance of our products. We will have to compete with other pharmaceutical and biopharmaceutical companies to recruit, hire, train and retain marketing and sales personnel. There can be no assurance that we will be able to further develop and successfully maintain in-house sales and commercial distribution capabilities to successfully commercialize any of our drug candidates, if and when approved, and as a result, we may not be able to generate sales revenue as planned.

If we are unable to, or decide not to, further develop internal sales, marketing and commercial distribution capabilities, we will likely pursue collaborative arrangements regarding the sales and marketing of our approved drugs. However, there can be no assurance that we will be able to establish or maintain such collaborative arrangements, or that we will have effective sales forces after establishing such collaborative arrangements. Any revenue we receive will depend upon the efforts of such third parties. We would have little or no control over the marketing and sales efforts of such third parties, and our revenue from product sales may be lower than if we had commercialized our drug candidates ourselves in a cost-effective manner. We also face competition in our search for third parties to assist us with the sales and marketing efforts for our drug candidates. In case we cannot develop and successfully maintain in-house sales and commercial

distribution capabilities or collaborate with third parties to successfully commercialize our products, we may not be able to generate product sales revenue and our business and prospects may suffer.

We have incurred significant net losses since inception. We expect that we will continue to incur net losses for the foreseeable future and we may not be able to generate sufficient revenue to achieve or maintain profitability. [REDACTED] are at risk of losing substantially all of their [REDACTED] in our H Shares.

We have incurred losses in each period since our inception. In 2021 and 2022, we had total comprehensive expenses of RMB732.9 million and RMB402.8 million, respectively. Our total comprehensive expenses mainly resulted from research and development expenses, administrative expenses, as well as loss from changes in fair value of financial liabilities at FVTPL. We no longer recorded financial liabilities at FVTPL since January 31, 2022, as the **[REDACTED]** preferred rights in connection with our series of financings, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same day. We consider loss from changes in fair value of financial liabilities at FVTPL, together with **[REDACTED]** payments and **[REDACTED]** expenses, as non-cash expenses. Our adjusted net loss (non-IFRS measure) was RMB182.5 million and RMB225.8 million in 2021 and 2022, respectively. For more information about our net losses, see "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income" in this document. We expect to continue to incur losses and expenses for the foreseeable future, primarily arising from the following events:

- conducting clinical trials of our drug candidates;
- engaging with CROs and CDMOs in and out of China;
- constructing our new GMP manufacturing facility;
- seeking regulatory approvals for our drug candidates;
- commercializing our drug candidates upon obtaining marketing approval, including establishing a sales, marketing and commercialization team for any future approved products;
- hiring additional clinical, quality control and R&D personnel;
- seeking to identify additional drug candidates;
- obtaining, maintaining, expanding and protecting our intellectual property portfolio; and
- enforcing and defending any intellectual property claims.

In addition, we will continue to incur costs associated with operating as a public company and in support of our growth as a development-stage or commercial-stage biopharmaceutical company. The size of our future net losses will depend, in part, on the number and scope of our drug development programs and the associated costs of those programs, the cost of commercializing any approved products, our ability to generate revenues, and the timing and amount of milestones and other payments we may receive through arrangements with third parties. If any of our drug candidates fails in clinical trials or does not gain regulatory approval, or if approved, fails to achieve market acceptance, we may never become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Our failure to become and remain profitable would decrease the value of our Company and could

impair our ability to raise capital, maintain our R&D efforts, expand our business, or continue our operations. A decline in the value of our Company may also cause you to lose substantially all or part of your **[REDACTED]**.

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

The development and commercialization of new drugs, especially biological products, is highly competitive. We face competition from other pharmaceutical companies and biopharmaceutical companies worldwide. There are a number of large pharmaceutical and biopharmaceutical companies that currently market and sell drugs or are pursuing the development of drugs for the treatment of the same indications for which we are developing our drug candidates. Some of these competitors have better resources and expertise than us. For example, multiple companies, including large multi-national pharmaceutical companies, are also developing CD47-targeting therapies for hematologic malignancies and solid tumors, including ALX Oncology, Trillium Therapeutics/Pfizer, Forty Seven/Gilead, I-MAB and Innovent. Potential competitors also include academic institutions, government agencies, and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization. We anticipate that we will face intense and increasing competition as new drugs enter the market and advanced technologies become available.

Our commercial opportunity could be reduced or even eliminated if our competitors develop and commercialize drugs that are safer, have fewer or less severe side effects, or are more effective, convenient or less expensive than any drugs that we may develop or commercialize. Our competitors also may obtain approval from the NMPA, FDA, or other comparable regulatory authorities for their drugs more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market. They may render our drug candidates obsolete or non-competitive before we can recover expenses of developing and commercializing any of our drug candidates.

Mergers and acquisitions in the pharmaceutical and biopharmaceutical industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative or licensing arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

Third parties may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights, the outcome of which would be uncertain.

Our commercial success depends in part on us and our collaborators avoiding infringement, misappropriation, and other violations of the patents and other intellectual property rights of third parties. We cannot guarantee that our drug candidates or any uses of our drug candidates do not and will not in the future infringe third-party patents or other intellectual property rights. It is also possible that we failed to identify, or may in the future fail to identify, relevant patents or patent applications held by third parties that cover our drug candidates. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover our products or their use.

Third parties might allege that we are infringing their patent rights or that we have misappropriated their trade secrets, or that we are otherwise violating their intellectual property rights, whether with respect to the manner in which we have conducted our research, use or

manufacture of the compounds we have developed or are developing. Such third parties might resort to litigation against us or other parties we have agreed to indemnify, which litigation could be based on either existing intellectual property or intellectual property that arises in the future. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we were not involved in any legal, arbitral or administrative proceedings or disputes which allege that we were infringing, misappropriating or otherwise violating any intellectual property right of any third party.

We are aware of certain issued patents in the U.S. belonging to third parties that may potentially cover our CD47-based drug candidates and may not expire before our anticipated commercial launch of relevant drug candidates in the U.S. One of those patents was licensed to another drug developer of CD47-targeted molecules. While the clinical studies of our drug candidates are exempted from patent infringement under the U.S. patent laws, third parties who own those issued patents may initiate patent infringement claims or other legal proceedings against us to prevent us from commercializing our CD47-based products. As reviewed and advised by our legal advisor as to intellectual property law, JunHe LLP[1], the scope of the relevant patent claims is too broad and the patent claims are obvious over prior art or lack written description and enablement support, the validity and enforceability of the third-party patents are thus questionable; as a result, if such third parties bring the legal proceedings against us, the risk that we will be determined by courts or other competent authorities in the U.S. to have infringed on such patent rights of the third parties is remote. However, whether a product infringes a patent involves an analysis of complex legal and factual issues, the determination of which is often uncertain, and the burden of proof required to successfully challenge a third-party patent may be high. As such, even if we believe the claims are without merits, the outcome and impact of any potential legal proceedings initiated by third parties alleging that we may have infringed, misappropriated and/or otherwise violated their intellectual property rights would be dependent on court judgment and may not be in our favor. Parties making infringement or other intellectual property claims against us may obtain injunctive or other equitable relief, which could impact our ability to further develop and commercialize relevant product candidates. Such legal proceedings, regardless of their merits, could lead to considerable legal costs and be a distraction to our management.

If third parties, including the third parties that control the patents described above, eventually bring successful claims against us for infringement, misappropriation or other violations of their intellectual property rights, such claims could prevent us from commercializing one or more of our drug candidates. We may also have to pay substantial damages, including treble damages and attorneys' fees under certain circumstances, or pay royalties and other related payments.

Alternatively, we may have to enter into royalty or licensing agreements with third parties in order to obtain the right to use their intellectual property rights, which agreements may not be available on terms acceptable to us, or at all. If we were unable to obtain such a license on reasonably acceptable terms, we might not be able to further develop and commercialize our drug candidates, which could harm our business significantly. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to us.

Defending against claims of patent infringement, misappropriation of trade secrets or other violations of intellectual property rights could be costly and time consuming, regardless of the outcome. Thus, even if we were able to ultimately prevail, or to settle at an early stage, such litigation could burden us with adverse impacts on our business and prospects.

1 A U.S. based international law firm, Locke Lord LLP, was specifically engaged to conduct analysis of a certain U.S. patent.

If we are unable to obtain and maintain adequate patent and other intellectual property protection for our drug candidates throughout the world, or if the scope of such intellectual property rights obtained is not sufficiently broad, our current or any future patents may be challenged and invalidated even after issuance.

Our success depends in large part on our ability to protect our proprietary technologies and drug candidates from competition by obtaining, maintaining, defending and enforcing our intellectual property rights, including patent rights. We seek to protect the drug candidates and technologies that we consider commercially important by filing patent applications in China, the U.S. and other jurisdictions, relying on trade secrets or pharmaceutical regulatory protection or employing a combination of these methods. As of the Latest Practicable Date, we owned (i) four issued patents and five allowed patent applications in the PRC, (ii) six issued patents and two allowed patent applications in the U.S., (iii) nine issued patents and two allowed patent applications in other jurisdictions, and (iv) 29 patent applications, including two pending PRC patent applications and one PRC patent application filed as a priority application, one pending Hong Kong patent application, six pending U.S. patent applications, six PCT patent applications which have entered into national phases, four pending PCT patent applications which may enter various contracting states in the future, and nine pending applications in other jurisdictions. Please refer to the paragraph headed "Statutory and General Information — Further Information about the Business of our Company — Our Material Intellectual Property Rights" in Appendix VI to this document for further information of our material intellectual property rights.

In 2019, we signed a technology transfer agreement with an independent third party, pursuant to which such third party acquired certain rights and interests (including one patent application in China relating to IMM2505) from us to develop and commercialize IMM2505 in China (including Hong Kong, Macau and Taiwan), while we retain the full rights and interests to IMM2505 in the rest of the world. IMM2505 is a first generation CD47 and PD-L1 bispecific molecule internally developed by us. We were the initial applicant of the patent application of IMM2505 in China, and pursuant to the technology transfer agreement, we have transferred the Chinese patent application regarding IMM2505 to such third-party transferee. The Chinese patent application of IMM2505 has not been issued, and is currently under the CNIPA's substantive examination. If such patent application of IMM2505 is approved with the currently pending claims, it may potentially cover IMM2520, one of our key products and another CD47 and PD-L1 bispecific molecule internally developed by us. However, based on the opinion of our legal advisor as to intellectual property law, JunHe LLP, the currently pending claims of the Chinese patent application relating to IMM2505 are too broad and lack inventiveness over prior art, considering (i) bispecific molecules binding to both CD47 and PD-L1 have been disclosed in the prior art; (ii) the amino acid sequence of SIRP extracellular Ig-like domain (which binds to CD47) is known in the prior art; (iii) various PD-L1 antibodies with different amino acid sequences have been disclosed in the prior art; and (iv) the first office action issued by the CNIPA raises novelty or inventiveness rejections on the pending claims. In addition, the issued patents in the U.S. and Japan regarding IMM2505 were granted with claims reciting specific amino acid sequences of the PD-L1 antibody and SIRP extracellular Ig-like domain. Therefore, it is expected that the pending claims of the Chinese patent application of IMM2505 would be narrowed down during prosecution by further limiting the amino acid sequences of the PD-L1 antibody portion of IMM2505, similar to our issued patents in the U.S. and Japan. If the Chinese patent application of IMM2505 is ultimately granted with claims reciting specific amino acid sequences of the PD-L1 antibody disclosed in the patent application, such patent will not cover IMM2520, because IMM2505 and IMM2520 have distinctively different amino acid sequences with their anti-PD-L1 antibody, including completely different amino acid sequences on all of the six functional complementarity determining regions (CDRs). As of the Latest Practicable Date, other than the above-mentioned patent application of IMM2505 in China, for IMM2505, we owned one patent family, which includes one issued patent in the U.S. and one issued patent in Japan; for IMM2520, we owned one patent family, which includes one issued patent in Japan, one allowed patent application in the U.S., one allowed patent appplication in China, one pending patent application in the EU, and one pending PCT application which may enter various contracting states in the future. Regardless of the scope of claims of

IMM2505's patent that may issue in China, we own the full rights to develop and commercialize IMM2505 in jurisdictions other than China (including Hong Kong, Macau and Taiwan), and shall share with the independent third party certain interests as agreed in the technology transfer agreement. In addition, we own the full rights to develop and commercialize IMM2520 in and outside of China.

The patent prosecution process is expensive, time-consuming and complex, and we may not be able to file, prosecute, maintain, defend, enforce or license all necessary or desirable patents at a reasonable cost or in a timely manner in all desirable jurisdictions. As a result, we may not be able to prevent competitors or third parties from developing and commercializing competitive drugs in all such fields and jurisdictions. If we are unable to obtain and maintain patent and other intellectual property protection with respect to our drug candidates and technologies, our business, financial condition, results of operations and prospects could be materially harmed. In addition, the requirements for patentability differ in certain jurisdictions. Many jurisdictions have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many jurisdictions limit the enforceability of patents against government agencies or government contractors. In these jurisdictions, the patent owner may have limited remedies, which could materially diminish the value of such patents. If we are forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be materially impaired, and our business, financial condition, results of operations, and prospects may be adversely affected.

Patent applications may not be granted and the granted patents may be invalidated for a number of reasons, including known or unknown prior art, deficiencies in the patent application or the lack of novelty of the underlying invention or technology. It is also possible that we will fail to identify patentable aspects of our R&D output in time to obtain patent protection. Any of these reasons may delay or interfere with our commercialization plans in China and globally. Although we enter into non-disclosure and confidentiality agreements with parties who have access to confidential or patentable aspects of our R&D output, such as our employees, corporate collaborators, outside scientific collaborators, contract manufacturers, consultants, advisors and other third parties, any of these parties may breach such agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to obtain patent protection. In addition, publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in China, the U.S. and other jurisdictions are typically not published until 18 months after filing, or in some cases, not at all. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications, or that we were the first to file for patent protection of such inventions. Furthermore, China and the U.S. have adopted the "first-to-file" system under which whoever first files a patent application will be awarded the patent if all other patentability requirements are met. Under the first-to-file system, third parties may be granted a patent relating to a technology which we invented.

The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. An adverse determination in any proceeding challenging our patent rights could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology or drug candidates and compete directly with us, or result in our inability to manufacture or commercialize drug candidates without infringing third-party patent rights. Thus, even if our patent applications issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors from competing with us or otherwise provide us with any competitive advantage. In addition, the patent position of biopharmaceutical and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

Furthermore, although various extensions may be available, the life of a patent and the protection it offers is limited. Even if we successfully obtain patent protection for an approved drug candidate, it may face competition from generic or biosimilar medications once the patent has expired. Manufacturers of generic or biosimilar drugs may challenge the scope, validity or enforceability of our patents in court or before a patent office, and we may not be successful in enforcing or defending those intellectual property rights and, as a result, may not be able to develop or market the relevant product exclusively, which would have a material adverse effect on any potential sales of that product. Our issued patents for our drug candidates are expected to expire on various dates as described in "Business — Intellectual Property" of this document. Upon the expiration of these patents, we will not be able to assert such patent rights against potential competitors, and our business and results of operations may be adversely affected.

Given the amount of time required for the development, testing and regulatory review of new drug candidates, patents protecting such drug candidates might expire before or shortly after such drug candidates are commercialized. As a result, our patents and patent applications may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours, which could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects. Additionally, patent rights we own currently or in the future or may license in the future may be subject to a reservation of rights by one or more third parties.

Clinical drug development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results.

To obtain regulatory approval for the sale of our drug candidates, we are required to conduct extensive clinical trials to demonstrate the safety and efficacy of our drug candidates in humans. Clinical trials are expensive, difficult to design and implement, and can take years to complete, with uncertainty as to the outcomes. Our current drug candidates and any future drug candidates are susceptible to the risks of failure inherent at any stage of drug development, including the occurrence of unexpected or unacceptable adverse events or the failure to demonstrate efficacy in clinical trials. While we believe some of our drug candidates have the potential to be innovative and differentiated globally, we cannot guarantee that we will be able to realize such potential for any of our drug candidates. Failure can occur at any time during the clinical development process.

The results of preclinical studies and early clinical trials of our drug candidates may not be predictive of the results of later-stage clinical trials. Drug candidates during later stages of clinical trials may fail to show the desired results in safety and efficacy despite having progressed through preclinical studies and initial clinical trials, and despite the level of scientific rigor in the design of such studies and trials and the adequacy of their execution. A number of companies in the pharmaceutical and biopharmaceutical industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier trials. In some instances, there can be significant variability in safety and/or efficacy results among different trials of the same drug candidate due to numerous factors, including, but not limited to, differences in individual patient conditions, including genetic differences, and other compounding factors, such as other medications or pre-existing medical conditions, patient adherence to the dosing regimen, other trial protocol elements and the rate of dropout among clinical trial participants. Furthermore, as our drug candidates are developed through preclinical and clinical trials towards approval and commercialization, it is customary that various aspects of the development programs, such as manufacturing and formulation, are altered along the way in an effort to optimize processes and results. Such changes carry the inherent risks that they may not necessarily achieve the intended objectives.

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

We may face damage to, destruction of or interruption of production at our facilities, which could interrupt our development plans or commercialization efforts.

The manufacturing of our drug candidates during the drug development stage relies on our own pilot production lines and the cooperation with CROs and CDMOs. Currently, we have built pilot production lines that can meet needs for the manufacturing of our IMM01 for use of clinical trials. Any interruption in manufacturing operations at our facilities could result in our inability to satisfy the demands of our clinical trials. A number of factors could cause interruptions, including equipment malfunctions or failures, technology malfunctions, outbreak of infectious diseases such as COVID-19, work stoppages, damage to or destruction of either facility due to natural disasters or other unanticipated catastrophic events.

If our manufacturing facilities, in particular our pilot production lines, are damaged or destroyed, we may not be able to replace our manufacturing capacity in a timely or cost-effective manner, or at all. In the event of a temporary or protracted loss of our pilot production lines or other production facilities or equipment, we might not be able to source manufacturing to a third party. Even if we could transfer manufacturing to a third party, the shift would likely be expensive and time-consuming, particularly since the new facility would need to comply with the necessary regulatory requirements, and we would need regulatory agency approval before selling any drug products that are manufactured at that facility.

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

In line with our future manufacturing and commercialization demands, we are currently building our own GMP manufacturing facility in Shanghai, China. We plan to complete the first stage of construction by 2025, which will provide us with an additional manufacturing capacity. We also plan to commence second stage of construction depending on the schedule of the regulatory approval and sales ramp-up of our drug portfolio in the future. However, the construction of such manufacturing facility may encounter delays or interruptions due to a number of factors, some of which are beyond our control. Such delays and interruptions could reduce or restrict our production capacity, slow down our drug development and commercialization efforts, especially if we could not source manufacturing to a third party in a timely or cost-effective manner. Even if collaboration with a third party is feasible, we will incur additional manufacturing costs. All could have a material and adverse effect on our business operations, financial condition and results of operations.

Cost overruns associated with constructing or maintaining our new facility could require us to raise additional funds from other sources. Our manufacturing facility is required to obtain and maintain regulatory approvals, including being subject to ongoing, periodic inspection by the NMPA, FDA or other comparable regulatory authorities to ensure compliance with GMP regulations. Further, we will be subject to continued review and site inspections to assess compliance with GMP and adherence to commitments made in any biologics license application, other marketing application and previous responses to any inspection observations. Accordingly, we and others with whom we work must continue to spend time, money and efforts in all areas of regulatory compliance, including manufacturing, production and quality control. In addition, to obtain FDA approval for our products in the U.S., we would need to undergo strict pre-approval

inspections of our manufacturing facilities. Historically, manufacturing facilities in China have had difficulty meeting FDA standards. When inspecting our manufacturing facilities, the FDA may cite GMP deficiencies. Remediating deficiencies can be laborious, time consuming and costly. Moreover, the FDA will generally re-inspect the facility to determine whether the deficiency was remediated to its satisfaction and may note further deficiencies during re-inspection.

Our failure to follow and document our adherence to such GMP regulations or other regulatory requirements may lead to significant delays in the availability of products for clinical or, in the future, commercial use, may result in the termination of or a hold on a clinical trial, or may delay or prevent filing or approval of marketing applications for our drug candidates or their commercialization, if approved. Regulatory authority may also impose fines, injunctions, civil penalties, suspension or withdrawal of approvals, seizures or recalls of our drug candidates, operating restrictions and criminal prosecutions, any of which could harm our business. Furthermore, if the interpretation or implementation of existing laws and regulations changes or new regulations come into effect, we may be required to obtain additional approvals, permits, licenses or certificates and we cannot assure you that we will be able to do so.

We had net cash outflows from our operating activities during the Track Record Period, and we may need to obtain additional financing to fund our operations. If we are unable to obtain sufficient financing on terms acceptable to us or at all, we may be unable to complete the development and commercialization of our drug candidates.

We had net cash used in operating activities of RMB190.5 million and RMB238.7 million in 2021 and 2022, respectively. While we believe we have sufficient working capital to fund our current operations, we expect that we may experience net cash outflows from operating activities for the foreseeable future.

Our drug candidates require substantial investments for the completion of clinical development, regulatory review, drug manufacturing, marketing and launch before they can generate product sales revenue. Our operations have consumed substantial amounts of cash since our inception. We will need to expend substantial resources on the R&D and commercialization of our product pipelines. Our future funding requirements will depend on many factors, including but not limited to:

- the progress, timing, scope and costs of our clinical trials, including the ability to timely identify and enroll patients in our planned and potential future clinical trials;
- the outcome, timing and costs of regulatory approvals of our drug candidates;
- the progress, timing, scope and costs related to discovery and early development of additional drug candidates;
- the preparation required for anticipated commercialization of our drug candidates, and if regulatory approvals are obtained, to fund the product launch;
- the manufacturing requirements and capabilities related to clinical development and future commercialization for any approved drug candidates;
- the construction progress of our manufacturing facilities;
- our effective management of our CROs, CDMOs and other collaboration partners and associated costs;

- selling and marketing costs associated with any future drug candidates that may be approved, including the cost and timing of expanding our marketing and sales capabilities;
- the cost of filing, prosecuting, defending and enforcing any patent claims or other intellectual property rights;
- the amount and timing of any profit sharing, milestone and royalty payments we receive from our future collaborators;
- cash requirements of any future development of other pipeline drug candidates;
- our headcount growth and associated costs; and
- the costs of operating as a public company and our need to implement additional internal systems and infrastructure, including but not limited to financial and reporting systems.

We expect our cash operating costs will increase significantly in light of our expanding clinical trial programs. If the financial resources available to us are insufficient to satisfy our cash requirements, we may seek additional funding through equity offerings, debt financings, collaborations and licensing arrangements. It is uncertain whether financing will be available in the amounts or on terms acceptable to us, if at all. If we were not able to obtain additional capital to meet our cash requirements in the future, our business, financial condition, results of operations and prospects could be materially and adversely affected.

The COVID-19 pandemic could adversely impact our business, including our clinical trials.

Since the end of December 2019, the outbreaks of a novel strain of coronavirus named COVID-19 have materially and adversely affected the global economy. Many countries and regions where we or our customers operate, including the PRC, the U.S., Europe and Japan, had been affected by the COVID-19 outbreaks and, in response, had imposed certain lockdown measures, closure of workplaces and restrictions on mobility and travel to contain the spread of the virus. The most recent one was the regional outbreak of COVID-19 variants in mainland China, and a series of control measures have been taken in an attempt to contain its spread in 2022. In late 2022, China began to modify its COVID-19 policy, and most of the travel restrictions and quarantine requirements had been lifted since then. However, if the pandemic gets worsen in the future due to reasons such as the emergence of a more severe variant of COVID-19 and the control measures that were once imposed reinitiate, we may experience one or more of the following disruptions to drug development efforts and business operations:

- delays or difficulties in enrolling patients in our clinical trials;
- delays or difficulties in clinical site initiation, including difficulties in recruiting clinical site investigators and clinical site staff;
- delays or difficulties in dosing patients, or the risk that patients enrolled or dosed in clinical trials may drop out of the trials before completion;
- diversion of healthcare resources away from the conduct of clinical trials, including the diversion of hospitals serving as our clinical trial sites and hospital staff supporting the conduct of our clinical trials;
- delays in clinical sites receiving the supplies and materials needed to conduct our clinical trials;

- interruption in logistics that may affect the transport of clinical trial materials;
- interruption of key clinical trial activities, such as clinical trial site monitoring;
- changes in local regulations which may require us to change the ways in which our clinical trials are conducted;
- temporary closure of certain office facilities and adopting remote working where possible;
- restriction of employee travels, which may adversely affect the sales and marketing efforts;
- disruption to the manufacturing activities;
- disruption to the supplies of our drug candidates in clinical trials; and
- delays in or temporary suspension of the construction of our new GMP manufacturing facility.

To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section. For details, see "Financial Information — Impact of the COVID-19 Outbreaks" in this document.

We cannot guarantee that the COVID-19 outbreak will not worsen. The extent to which the COVID-19 outbreak may impact our business in the future will depend on future developments, which are highly uncertain and unpredictable, such as the duration of the outbreak, the effectiveness of travel restrictions, the effectiveness of vaccines and vaccination rates in China and overseas, and other measures to contain the outbreak and its impact in China, the U.S., Europe, Japan and other countries where we and our customers operate. Having considered that the past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the global and China's economy, the COVID-19 outbreaks and any other public health crisis in China or overseas, especially in the cities where we have presence, may result in material disruptions to our operations, which in turn may materially and adversely affect our business, financial condition and results of operations.

OTHER RISKS RELATING TO OUR BUSINESS

Risks Relating to the Development of Our Drug Candidates

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

Although a substantial amount of our effort will focus on the continued clinical testing, potential regulatory approval, and commercialization of our existing drug candidates, the success of our business depends in part upon our ability to discover, develop, license, or commercialize additional drug candidates. However, we may not be successful in discovering and developing new drug candidates. Although we have developed technology platforms, such as the "mAb-Trap bispecific" technology platform which we believe enables us to design, evaluate and select optimal candidates and continue to enrich our pipeline, we cannot guarantee that we will be successful in discovering and developing potential drug candidates. We may also pursue collaboration with third parties in the discovery and development of potential drug candidates, but we cannot assure you that such collaboration will be able to deliver the intended results.

Research programs to discover and develop new drug candidates require substantial technical, financial, and human resources. We may focus our efforts and resources on potential programs or drug candidates that ultimately prove to be unsuccessful. Our research programs or licensing efforts may fail to identify, discover or in-license new drug candidates for clinical development and commercialization for a number of reasons, including, without limitation, the following:

- the research methodology used may not be successful in identifying potential indications and/or new drug candidates;
- potential drug candidates may, after further study, be shown to have adverse effects or other characteristics that indicate they are unlikely to achieve desired efficacy; or
- it may take greater resources to identify additional therapeutic opportunities for our drug candidates or to develop suitable potential drug candidates, thereby limiting our ability to diversify and expand our drug portfolio.

Accordingly, there can be no assurance that we will be able to discover and develop new drug candidates or identify additional therapeutic opportunities for our drug candidates or to develop suitable potential drug candidates through internal research programs, which could materially adversely affect our future growth and prospects.

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

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

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

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

- we could be required to recall our drug candidates and subject to litigation proceedings and regulatory investigations and held liable for harm caused to patients exposed to or taking our drug candidates; and

- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of the particular drug candidate, and could significantly harm our business, results of operations and prospects.

We may seek approvals from the NMPA, FDA or other comparable regulatory authorities to use data from registrational trials via accelerated approval pathways for our drug candidates. If we are not able to use such pathways, we may be required to conduct additional clinical trials beyond those that we contemplate, which would increase the expense of obtaining, and delay the receipt of, necessary marketing approvals, if we receive them at all.

The NMPA, FDA and comparable regulatory authorities in other jurisdictions may allow the use of data from a registrational trial and grant accelerated approval to a drug candidate that provides meaningful therapeutic benefit over available therapies, for treatment of a serious or life-threatening condition. The determination is made based on a finding that the drug candidate has an effect on a surrogate endpoint or intermediate clinical endpoint that is reasonably likely to predict clinical benefit. For example, the FDA considers a clinical benefit to be a positive therapeutic effect that is clinically meaningful in the context of a given disease, such as irreversible morbidity or mortality.

For the purposes of accelerated approval, a surrogate endpoint is a marker, such as a laboratory measurement, radiographic image, physical sign, or other measure that is thought to predict clinical benefit, but is not itself a measure of clinical benefit. An intermediate clinical endpoint is a clinical endpoint that is considered reasonably likely to predict the clinical benefit of a drug, such as an effect on irreversible morbidity or mortality. The accelerated approval pathway may be used in cases in which the advantage of a new drug over available therapy may not be a direct therapeutic advantage, but is a clinically important improvement from a patient and public health perspective. Prior to seeking such accelerated approval, we will continue to seek feedback from the NMPA, FDA and otherwise evaluate our ability to seek and receive such accelerated approval.

There can be no assurance that in the future regulatory authorities will agree with our surrogate endpoints or intermediate clinical endpoints, or that we will decide to pursue or submit any new drug applications, or NDAs, or other comparable applications, for accelerated approval or any other form of expedited development, review or approval. Similarly, there can be no assurance that, after feedback from the regulatory authorities, we will continue to pursue or apply for accelerated approval or any other form of expedited development, review or approval, even if we initially decide to do so. Furthermore, for any submission of an application for accelerated approval or application under another expedited regulatory designation, there can be no assurance that such submission or application will be accepted for filing or that any expedited development, review or approval will be granted on a timely basis, or at all. A failure to obtain accelerated approval or any other form of expedited development, review or approval for our drug candidates, would result in a longer time period for commercialization of such drug candidate, could increase the cost of development of such drug candidate, and could harm our competitive position in the marketplace. Even if we obtain accelerated approval of a drug candidate based on a surrogate endpoint, we will likely be required to conduct a post-approval clinical outcomes trial to confirm the clinical benefit of the drug candidate and, if the post-approval trial is not successful, we may

not be able to continue marketing the drug for the relevant indication. Pursuant to the PRC Drug Administration Law, the Administration Measures for Drug Registration, and the Working Procedures for the Review and Approval of Conditionally Approved Drugs (Trial), if (i) we fail to prove the benefits of a conditionally approved drug outweigh its risks through the post-approval research, or (ii) we fail to complete the required post-approval research within the prescribed time limit and submit the supplementary applications in order to obtain a full marketing approval, the NMPA will take actions in accordance with the relevant laws and regulations, including, in the worst case, the revocation of the drug registration certificate.

We may not be successful in developing, enhancing or adapting to new technologies and methodologies.

The global biologics market is constantly evolving, and we must keep pace with new technologies and methodologies to maintain our competitive position. In 2021 and 2022, our R&D expenses were RMB176.0 million and RMB277.3 million, respectively. We must continue to invest significant amounts of human and capital resources to develop or acquire technologies that enable us to enhance the scope and quality of our clinical trials. We intend to continue to enhance our technical capabilities in drug discovery, development and manufacturing, which are capital and time intensive. We cannot assure you that we will be able to develop, enhance or adapt to new technologies and methodologies, successfully identify new technological opportunities, develop and bring new or enhanced products to market, obtain sufficient or any patent or other intellectual property protection for such new or enhanced products, or obtain the necessary regulatory approvals in a timely and cost-effective manner, or, if such products are introduced, that those products will achieve market acceptance. Any failure to do so may make our techniques obsolete, which could harm our business and prospects.

Risks Relating to Extensive Government Regulations

All material aspects of the research, development, manufacturing and commercialization of our drug candidates are heavily regulated and are subject to change. Any failure to comply with existing regulations and industry standards or any adverse actions by the drug-approval authorities against us could negatively impact our reputation and our business, financial condition, results of operations and prospects.

All jurisdictions in which we intend to develop and commercialize our drug candidates regulate these activities in great depth and detail. We intend to initially focus our activities in China while pursuing global opportunities, particularly in the U.S. The pharmaceutical and biopharmaceutical industries in these jurisdictions are subject to comprehensive government regulation and supervision, in particular, regulation of the development, approval, manufacturing, marketing, sales and distribution of products. However, there are differences in the regulatory regimes that make for a more complex and costly regulatory compliance burden for a company like us that plans to operate in each of these regions.

The process of obtaining regulatory approvals and maintaining compliance with appropriate laws and regulations requires the expenditure of substantial time and financial resources. Any recently enacted and future legislations may increase the difficulty and cost for us to obtain regulatory approval of, and commercialize, our drug candidates, and affect the prices we may obtain. Changes in government regulations or in practices relating to the pharmaceutical and biopharmaceutical industries, such as a relaxation in regulatory requirements or the introduction of simplified approval procedures which would lower the entry barrier for potential competitors, or an increase in regulatory requirements which may increase the difficulty for us to satisfy such requirements, may have a material adverse impact on our business, financial condition, results of operations, and prospects. In addition, we are subject to scheduled or unscheduled periodic inspections of our facilities to monitor our regulatory compliance. During the Track Record Period,

we passed all the inspections and obtained clearance in relation to discovery and development of our drug candidates from the regulatory authorities in all material respects. However, we cannot assure you that we will be able to do so going forward.

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

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

Significant time, efforts and expenses are required to bring our drug candidates to market in compliance with the regulatory process, and we cannot assure you that any of our drug candidates will be approved for sale. The time required to obtain approvals from the NMPA, the FDA and other comparable regulatory authorities is often unpredictable, and depends on numerous factors, including the substantial discretion of the regulatory authorities. Our drug candidates could fail to receive regulatory approval in a timely manner for many reasons, including but not limited to:

- failure to begin or complete clinical trials due to disagreements with regulatory authorities;
- failure to demonstrate that a drug candidate is safe and effective or, it is safe, pure, and potent for its proposed indication;
- failure of clinical trial results to meet the level of statistical significance required for approval;
- data integrity issues related to our clinical trials;
- disagreement with our interpretation of data from preclinical studies or clinical trials;
- failure to conduct a clinical trial in accordance with regulatory requirements or our clinical trial protocols; and
- clinical sites, investigators or other participants in our clinical trials deviating from a trial protocol, failing to conduct the trial in accordance with regulatory requirements, or dropping out of a trial.

In addition, the NMPA, the FDA or a comparable regulatory authority may require more information, including additional analyses, reports, data, non-clinical studies and clinical trials, or questions regarding interpretations of data and results, to support approval, which may prolong, delay or prevent approval and our commercialization plans, or we may decide to abandon the development programs. Changes in regulatory requirements and guidance may also occur, and we may need to amend clinical trial protocols submitted to competent regulatory authorities to reflect these changes. Resubmission may impact the costs, timing or successful completion of a clinical trial. The policies of the NMPA, the FDA and other comparable regulatory authorities may also change, and additional government regulations may be enacted that could prevent, limit or delay

regulatory approval of our drug candidates. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may not obtain the regulatory approvals or may lose the approvals that we may have obtained and we may not achieve or sustain profitability.

Additionally, clinical trials conducted in one country may not be accepted by regulatory authorities in other countries, and regulatory approval in one country does not mean that regulatory approval will be obtained in any other country. Approval procedures vary among countries and can involve additional product testing and validation and additional administrative review periods. Seeking regulatory approvals in various jurisdictions could result in significant delays, difficulties and costs for us and may require additional preclinical studies or clinical trials which would be costly and time consuming. We cannot assure you that we will be able to meet regulatory requirements of different jurisdictions or that our drug candidates will be approved for sale in those jurisdictions. Additional time, effort and expense may be required to bring our drug candidates, upon regulatory approval, to the international markets in compliance with different regulatory processes.

If we experience delays in the completion of, or the termination of, a clinical trial of any of our drug candidates, the commercial prospects of that drug candidate will be harmed, and our ability to generate product sales revenues from any of those drug candidates will be compromised. In addition, any delays in completing our clinical trials will increase our costs, slow down our drug candidate development and approval process, and jeopardize our ability to commence product sales and generate related revenues for that candidate. Any of these occurrences may harm our business, financial condition and prospects significantly. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our drug candidates.

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

In China, prior to seeking approval from the NMPA, a pharmaceutical company needs to determine the drug's registration category, which will determine the requirements for its clinical trial and marketing application. The categories of therapeutic biologics range from Category 1 (new biologics: biologics that have not previously been marketed anywhere in the world), to Category 2 (improved biologics: biologics that have been previously marketed in China or abroad with improved safety, efficacy and quality control and that have obvious therapeutic advantages), to Categories 3 (biologics that have been previously marketed in China and abroad). Among our pipeline of drug candidates, all of our clinical-stage drug candidates are designated as Category 1 drug candidates.

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

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

Data protection and privacy laws and regulations generally require clinical trial sponsors and operators and their personnel to protect the privacy of their enrolled subjects and prohibit unauthorized disclosure of personal information. If such institutions or personnel divulge the subjects' private or medical records without their consent, they will be held liable for damage caused thereby. We receive, collect, generate, store, process, transmit and maintain medical data treatment records and other personal details of the subjects enrolled in our clinical trials, along with other personal or sensitive information. As such, we are subject to the relevant local, state (the U.S.), national and international data protection and privacy laws, directives regulations and standards that apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal data in the various jurisdictions in which we operate and conduct our clinical trials, as well as contractual obligations. As of the Latest Practicable Date, we are primarily subject to numerous PRC laws, Hong Kong laws and U.S. federal and state laws governing data protection and privacy.

In recent years, the PRC authorities have promulgated certain laws and regulations in respect of information security, data collection and privacy protection regulations in the PRC, including the Cybersecurity Law of the PRC (中華人民共和國網絡安全法), the Provisions on Protection of Personal Information of Telecommunication and Internet Users (電信和互聯網用戶個人信息保護規定), the Cybersecurity Review Measures (網絡安全審查辦法), the Data Security Law of the PRC (中華人民共和國數據安全法) which became effective from September 1, 2021, the Personal Information Protection Law of the PRC (中華人民共和國個人信息保護法) which became effective from November 1, 2021, and the Measures for the Security Assessment of Outbound Data Transfer (數據出境安全評估辦法) which became effective from September 1, 2022. Under the Personal Information Protection Law of the PRC, in case of any personal information processing, such individual prior consent shall be obtained, unless the Law indicates otherwise. Further, any data processing activities, that are in relation to the sensitive personal information such as biometrics, medical health and personal information of teenagers under fourteen years old, are not allowed, unless such activities have a specific purpose, are highly necessary and strictly protective measures have been taken.

In addition, certain industry-specific laws and regulations affect the collection and transfer of data in China. The Regulations on the Administration of Human Genetic Resources of the PRC (中華人民共和國人類遺傳資源管理條例), or the HGR Regulation, was promulgated by the State Council in May 2019 and came into effect in July 2019. It stipulates that foreign organizations, individuals, and the entities established or actually controlled by foreign organizations or individuals are forbidden to collect, preserve and export China's human genetic resources. Foreign organizations and the entities established or actually controlled by foreign organizations or individuals may only utilize and be provided with China's human genetic resources after satisfaction of all requirements under the HGR Regulation and other applicable laws, such as (i) China's human genetic resources being utilized only in international cooperation with Chinese scientific research institutions, universities, medical institutions, and enterprises for scientific research and clinical trials after completion of requisite approval or filing formalities with competent governmental authorities, and (ii) China's human genetic resources information being provided after required security review, filing and information backup procedures have been gone through.

In October 2020, the SCNPC promulgated the Biosecurity Law of the PRC, which became effective in April 2021. The Biosecurity Law of the PRC (中華人民共和國生物安全法) reaffirms the regulatory requirements stipulated by the HGR Regulation while potentially increasing the administrative sanctions where China's human genetic resources are collected, preserved, exported

or used in international cooperation in violation of applicable laws. There remain significant uncertainties as to how various provisions of the HGR Regulation and the related laws and regulations may be interpreted and implemented. Given such uncertainty, although we have made great efforts to comply with mandatory requirements of laws and government authorities in this regard, we cannot assure you that we will be deemed at all times in full compliance with the HGR Regulation, the Biosecurity Law of the PRC and other applicable laws in our utilizing of and dealing with China's human genetic resources. As a result, we may be exposed to compliance risks under the HGR Regulation and the Biosecurity Law of the PRC. For more information regarding the PRC laws and regulations governing data protection and privacy, see "Regulatory Overview — Overviews of Laws and Regulations in the PRC" in this document.

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

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

In addition, our clinical trials frequently also involve professionals from third-party institutions working on-site with our staff and enrolled subjects. We cannot ensure that such persons will always comply with our data privacy measures. We also cooperate with third parties including principal investigators, hospitals, CROs, CDMOs and other third-party contractors and consultants for our clinical trials and operations. Any leakage or abuse of patient data by our third-party partners may be perceived by the patients as our fault, negligence or a result of our failure. Furthermore, any change in such laws and regulations could affect our ability to use

medical data and subject us to liability for the use of such data for previously permitted purposes. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of information security that results in the unauthorized release or transfer of personally identifiable information or other patient data, could cause our customers to lose trust in us and could expose us to legal claims.

If we participate in compassionate use programs, current regulatory discrepancies among competent authorities of different countries may lead to increased risk of adverse drug reactions and serious adverse events arising from the use of our products.

Compassionate use programs are regulatory programs that facilitate access to investigational drugs for the treatment of patients with serious or immediately life-threatening diseases or conditions that lack therapeutic alternatives. Currently, there is no unified approach or standard practice to regulate compassionate use programs among competent authorities in different countries for access to investigational drugs. In China, currently there is no officially approved regulation to oversee compassionate use programs. In the U.S., compassionate use programs are limited to patients who have a life-threatening disease or serious disease or condition, who may gain access to an investigational medical product for treatment outside of clinical trials when no comparable or satisfactory alternative therapy options are available.

The regulatory discrepancy for compassionate use programs among competent authorities in different countries may lead to uneven patient entry criteria and protocols for compassionate use programs. This may create increased risk of serious adverse events because of enrolled patients' advanced disease or comorbidities. In addition, because the products in compassionate use programs are investigational drugs, many of which are still in experimental stages and have not received marketing approval, patients in compassionate use programs may exhibit adverse drug reactions from using these products. If we participate in compassionate use programs, we may be subject to the risk of enrolled patients exhibiting adverse drug reactions or serious adverse events arising from the use of our products. These occurrences can potentially lead to clinical holds of our ongoing clinical trials or complicate the determination of the safety profile of a drug candidate under regulatory review for commercial marketing.

Even after we obtain regulatory approval for the marketing and distribution of our drug candidates, our products will continue to remain subject to ongoing or additional regulatory obligations and continued regulatory review, which may result in significant additional expenses, and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our future approved drugs.

If any of our drug candidates is approved in the future, it will be subject to ongoing or additional regulatory requirements for manufacturing, labelling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-marketing studies, and submission of safety, efficacy and other post-market information, including requirements of regulatory authorities in China, the U.S. and other jurisdictions. These requirements also include submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with current Good Manufacture Practices, or the cGMP, and Good Clinical Practice, or the GCP, for any clinical trials that we conduct post-approval.

Any approvals that we receive for our drug candidates may be subject to limitations on the approved indicated uses for which the drug may be marketed or to the conditions of approval, which could adversely affect the drug's commercial potential or contain requirements for potentially costly post-marketing testing and surveillance to monitor the safety and efficacy of the drug candidates. The NMPA, FDA or a comparable regulatory authority may also require a REMS program as a condition of approval of our drug candidates or following approval.

Once a drug is approved by the NMPA, FDA or a comparable regulatory authority for marketing, it is possible that there could be a subsequent discovery of previously unknown problems with the drug, including problems with third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements. If any of the foregoing occurs with respect to our drug products, it may result in, among other things:

- restrictions on the marketing or manufacturing of the drug, withdrawal of the drug from the market, or voluntary or mandatory drug recalls;
- fines, warning letters or holds on clinical trials;
- refusal by the NMPA, FDA or comparable regulatory authority to approve pending applications or supplements to approved applications filed by us, or suspension or revocation of drug license approvals;
- drug seizure or detention, or refusal to permit the import or export of drugs; and
- injunctions or the imposition of civil, administrative or criminal penalties.

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

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

The regulations that govern regulatory approvals, pricing and reimbursement for new therapeutic products vary widely from jurisdiction to jurisdiction. We intend to seek approval to market our drug candidates in China, the U.S. and in other jurisdictions. In China and some markets outside China, the pricing of drugs and biologics is subject to governmental control, which can take considerable time even after obtaining regulatory approval. Thus, our ability to commercialize any approved drug candidates successfully will depend in part on the extent to which reimbursement for these drugs and related treatments will be available from government health administration authorities, private health insurers and other organizations. A primary trend in the global healthcare industry is cost containment. Government authorities and these third-party payers have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications.

In China, the National Healthcare Security Administration and the Ministry of Human Resources and Social Security, together with other government authorities, regularly review the inclusion or removal of drugs from China's National Drug Catalog for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (國家基本醫療保險、工傷保險和生育保險藥品目錄), or the NRDL. The NRDL determines a pharmaceutical product's reimbursable amounts for program participants under the National Medical Insurance Program, or the NMIP. Under the NMIP, patients are entitled to full or partial reimbursement of costs for pharmaceutical products listed in the NRDL. A pharmaceutical product's inclusion in or exclusion from the NRDL will significantly affect the demand for such product in China. There is no assurance that any of our future approved drug candidates will be included in the NRDL. The inclusion of pharmaceutical

products by relevant authorities into the NRDL is based on a variety of factors, including efficacy, safety and price. The products included in the NRDL are typically generic and essential drugs, while innovative drugs similar to our drug candidates have historically been more limited on their inclusion therein due to the affordability of the government's Basic Medical Insurance Program. In addition, the PRC government has implemented significant reforms of the pharmaceutical industry in recent years and may enforce additional measures in the future, which may adversely affect our pricing strategy for our pharmaceutical products.

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

Increasingly, third-party payers are requiring that companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that reimbursement will be available for any approved drug candidates that we commercialize and, if reimbursement is available, what the level of reimbursement will be. Reimbursement may impact the demand for, or the price of, any approved drug candidates that we commercialize. Obtaining or maintaining reimbursement for our future approved drug candidates may be particularly difficult because of the higher prices often associated with drugs administered under the supervision of a physician. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize any drug candidates that we successfully develop.

There may be significant delays in obtaining reimbursement for approved drug candidates, and coverage may be more limited than the purposes for which the drug candidates are approved by the NMPA, the FDA or other comparable regulatory authorities. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Interim payments for new drugs, if applicable, may also not be sufficient to cover our costs and may not be made permanent. Payment rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on payments allowed for lower cost drugs that are already reimbursed, and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payers. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payers for any future approved drug candidates and any new drugs that we develop could have a material adverse effect on our business, our operating results, and our overall financial condition.

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

Our business operations and current and future arrangements with clinical site investigators, healthcare professionals, consultants, third-party payors, patient organizations, and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations. These laws may constrain the business or financial arrangements and relationships through which we conduct our operations, including how we market, sell, and distribute our drug candidates, if approved. Such laws include the PRC Anti-Unfair Competition Law (中華人民共和國反不正當競爭法), the PRC Criminal Law (中華人民共和國刑法), the U.S. federal Anti-Kickback Statute, the U.S. federal False Claims Act, HIPAA, and the U.S. Physician Payments Sunshine Act.

Efforts to ensure that our business arrangements with third parties comply with applicable healthcare laws and regulations will involve substantial costs. Government authorities could conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If any such actions are instituted against us, and if we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in governmental healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and have a significant impact on our businesses and results of operations. If any of the physicians or other providers or entities with whom we expect to do business are found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government-funded healthcare programs, which may also adversely affect our business. Furthermore, defending against any such actions can be costly, time-consuming, and may require significant personnel resources. Therefore, even if we are successful in defending against any such actions that may be brought against us, our business may be impaired.

If safety, efficacy, manufacturing or supply issues arise with any drug product used in combination with or to facilitate the use of our drug candidates, we may be unable to market such drug candidates or may experience significant regulatory delays or supply shortages.

Our strategy to develop combination therapies depends on the safety and efficacy of each component drug within each combination therapy. For example, we are developing IMM01 in combination with other cancer agents, including azacitidine, tislelizumab, inetetamab, and bortezomib/dexamethasonum for a broad range of hematological cancers and solid tumors. If the NMPA, FDA or another comparable regulatory agency revokes or denies its approval of a component therapeutic, in either the clinical design, clinical administration, therapy approval or commercialization stage, we will be forced to terminate or redesign the clinical trials, experience significant regulatory delays or stop our commercialization efforts.

We do not manufacture or sell any component drugs we use in combination with our drug candidates. Instead, we primarily purchase the component drugs (such as tislelizumab and azacitidine) on the market with our own funds. If we cannot purchase a sufficient amount of those component drugs from their manufacturers or distributors, or we experience any supply shortage of such component drugs, the clinical development of our drug candidates may be disrupted. The supply shortage may also delay the regulatory approval of our drug candidates or our ability to timely meet market demand for our products upon receipt of marketing approval, which will adversely affect our business and prospects.

Although we have not used companion diagnostic tests in the development of our drug candidates, it is common practice in the industry to use companion diagnostic tests to detect a predictive biomarker, such as PD-L1, EGFR and HER2, in patients to evaluate their likely response to certain treatment. In the U.S., the FDA has generally required in vitro companion diagnostics intended to select the patients who will respond to cancer treatment to obtain a pre-market approval for that diagnostic, which can take up to several years, simultaneously with approval of the biologic product. The regulations in China on the companion diagnostic test used for patient identification are still developing and require detailed interpretation and implementation. It remains uncertain whether the future regulatory changes would provide additional restrictions or requirements. If we determine to develop companion diagnostic tests in the future for patient screening or our drug development entails the use of such tests, the lack of regulations in China would present uncertainties to our drug development and commercialization and may have an adverse effect on our business and results of operations.

Negative results from off-label use of our future marketed drug products could materially harm our business reputation, product brand and financial condition and expose us to liability.

Products distributed or sold in the pharmaceutical market may be subject to off-label drug use. Off-label drug use is prescribing a product for an indication, dosage or in a dosage form that is not in accordance with regulatory approved usage and labeling. Even though the NMPA, FDA and other comparable regulatory authorities actively enforce the laws and regulations prohibiting the promotion of off-label use, there remains the risk that our product is subject to off-label drug use and is prescribed in a patient population, dosage or dosage form that has not been approved by competent authorities. This occurrence may render our products less effective or entirely ineffective and may cause adverse drug reactions or adverse events. Any of these occurrences can create negative publicity and materially and adversely affect our business reputation, product brand, commercial operations and financial condition, including our **[REDACTED]**. These occurrences may also expose us to liability and cause a delay in the progress of our clinical trials and may ultimately result in failure to obtain regulatory approval for our drug candidates.

Risks Relating to Manufacturing of Our Drug Candidates and Drugs

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

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

- equipment malfunction;
- failure to follow specific protocols and procedures;
- changes in product specification;
- low quality or insufficient supply of raw materials;
- delays in the construction of new facilities or the expansion of our existing manufacturing facilities as a result of changes in manufacturing production sites and limits to manufacturing capacity due to regulatory requirements;
- changes in the types of products produced;

- advances in manufacturing techniques;
- physical limitations that could inhibit continuous supply; and
- man-made or natural disasters and other environmental factors.

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

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

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

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

If we are unable to meet the increasing demand for our existing drug candidates and future drug products by ensuring that we have adequate manufacturing capacity, or if we are unable to successfully manage our anticipated growth or to precisely anticipate market demand, our business could suffer.

To produce our drug candidates in the quantities that we believe will be required to meet anticipated market demand of our drug candidates, if approved, we will need to increase, or scale up, the production process by a significant factor over the initial level of production. If the scale

up is delayed, the cost of this scale up is not economically feasible for us, or we cannot find a third-party supplier, we may not be able to produce our approved drug candidates in a sufficient quantity to meet future demand.

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

Furthermore, given the size of our new facility, we may not be able to fully utilize it immediately or within a reasonable period of time after we commence the operation. During the construction and ramp up period, there may be significant changes in the macroeconomics of the pharmaceutical and biopharmaceutical industry, including, among other things, market demand, product and supply pricing trends and customer preferences. Any adverse trends in these respects could result in operational inefficiency and unused capacity in our facility. We may also experience various unfavorable events in the course of developing our new manufacturing facility, such as:

- unforeseen delays due to construction, land use rights or regulatory issues, which could result in loss of business opportunities;
- construction cost overruns, which may require diverting resources and management's attention from other projects; and
- difficulty in finding sufficient numbers of trained and qualified staff.

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

Risks Relating to Commercialization of Our Drugs

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

Even if our drug candidates receive regulatory approval, they may nonetheless fail to gain sufficient market acceptance by physicians and patients and others in the medical community. If our drug candidates do not achieve an adequate level of acceptance, we may not generate significant product sales revenue and we may not become profitable. The degree of market acceptance of our drug candidates, if approved for commercial sale, will depend on a number of factors, including, but not limited to:

- the clinical indications for which our drug candidates are approved;
- physicians, hospitals, medical treatment centers and patients considering our drug candidates as a safe and effective treatment;
- the potential and perceived advantages of our drug candidates over alternative treatments;
- the prevalence and severity of any side effects;

- product labelling or package insert requirements of regulatory authorities;
- limitations or warnings contained in the labelling approved by regulatory authorities;
- the timing of market introduction of our drug candidates as well as competitive drugs;
- the cost of treatment in relation to alternative treatments;
- the availability of adequate coverage and reimbursement under the national and provincial reimbursement drug lists in the PRC, or from third-party payers and government authorities in other jurisdictions;
- price control or downward adjustment by the government authorities or other pricing pressure, including the price reduction during the negotiation for inclusion in the national reimbursement drug lists;
- the willingness of patients to pay out-of-pocket in the absence of coverage and reimbursement by third-party payers and government authorities;
- relative convenience and ease of administration, including as compared to alternative treatments and competitive therapies; and
- the effectiveness of our sales and marketing efforts.

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

If the market opportunities for our drug candidates are limited to those patients who are ineligible for or have failed prior treatments, the market could be small.

We conduct our preclinical studies and clinical trials, based on our estimation of the number of patients who have the cancers we are targeting, as well as the subset of patients with these cancers who are able to receive different lines of therapies and who have the potential to benefit from the treatment with our drug candidates. New studies may change the estimated incidence or prevalence of these cancers. The number of eligible patients may turn out to be lower than expected. Additionally, the potentially addressable patient population for our drug candidates may be limited or may not be amenable to treatment with our drug candidates. Our business may suffer if the market opportunities for our product candidates are smaller than we anticipate, or the regulatory approvals we obtain for our drugs are based on a narrower definition of the patient population.

Given the small number of patients who have the eligibility criteria and diseases that we are targeting, it is critical to our profitability that we successfully identify such patients. The effort to identify patients with diseases we seek to treat is in early stages, and we cannot accurately predict the number of patients for whom treatment might be possible. New patients may become increasingly difficult to identify or gain access to, which would adversely affect our business, financial condition, results of operations and prospects.

Risks Relating to Our Intellectual Property Rights

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

Competitors or other third parties may challenge the validity and enforceability of our patents, infringe, misappropriate or otherwise violate our other intellectual property rights. To counter infringement, misappropriation or any other unauthorized use, litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others. Litigation and other proceedings in connection with any of the foregoing claims can be expensive and time-consuming and, even if resolved in our favor, may cause us to incur significant expenses and could distract management and our scientific and technical personnel from their normal responsibilities. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Any claims that we assert against perceived infringers and other violators could also provoke these parties to assert counterclaims against us alleging that we infringe, misappropriate or otherwise violate their intellectual property rights. Many of our current and potential competitors have the ability to dedicate substantially greater resources to enforce and defend their intellectual property rights than we can.

Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon, misappropriating or otherwise violating our intellectual property rights. An adverse result in any such litigation proceeding could put our patents, as well as any patents that may issue in the future from our pending patent applications, at risk of being invalidated, held unenforceable or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. Thus, even if we were to ultimately prevail, or to settle at an early stage, such litigation could burden us with substantial unanticipated costs. Moreover, we may not be able to detect infringement against our patents. Even if we detect infringement by a third party of any of our patents, we may choose not to pursue litigation against or settlement with such third party. If we later sue such third party for patent infringement, the third party may have certain legal defense available to it, which otherwise would not be available except for the delay between when the infringement was first detected and when the suit was brought. Such legal defense may make it impossible for us to enforce our patents against such third party.

In addition, although we are not currently experiencing any claims challenging the inventorship of our patents or ownership of our intellectual property, we may in the future be subject to claims that former employees, collaboration partners or other third parties have an interest in our owned, out-licensed or in-licensed patents, patent applications, trade secrets or other intellectual property as an inventor or co-inventor. For instance, we may have inventorship disputes arising from conflicting obligations of employees, collaboration partners, consultants or others who are involved in developing our drug candidates or technologies. Litigation may be necessary to defend against these and other claims challenging inventorship of our owned, out-licensed or in-licensed patents, patent applications, trade secrets or other intellectual property. If we fail to defend any claim, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of or right to use intellectual property that is important to our drug candidates. Even if we are successful in defending against such claims, litigation could lead to substantial costs and be a distraction to management and other employees. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

Issued patents covering one or more of our drug candidates could be found invalid or unenforceable if challenged in court.

Despite measures we take to obtain and maintain patent and other intellectual property rights with respect to our drug candidates, our intellectual property rights could be challenged or invalidated. For example, if we were to initiate legal proceedings against a third party to enforce a patent covering one of our drug candidates, the defendant could counterclaim that our patent is invalid and/or unenforceable. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, for example, lack of novelty, obviousness or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO, CNIPA or the applicable foreign counterpart, or made a misleading statement, during prosecution. Even if we conduct our patent prosecution in accordance with the duty of candor and in good faith, the outcome following legal assertions of invalidity and unenforceability is unpredictable.

If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on a drug candidate. Even if a defendant does not prevail on a legal assertion of invalidity and/or unenforceability, our patent claims may be construed in a manner that would limit our ability to enforce such claims against the defendant and others. Even if we establish infringement, the court may decide not to grant an injunction against further infringing activities and instead award only monetary damages, which may not be an adequate remedy. In addition, if the breadth or strength of protection provided by our patents is threatened, it could dissuade companies from collaborating with us to license, develop, or commercialize our current or future drug candidates. Any loss of patent protection could have a material adverse impact on one or more of our drug candidates and our business.

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

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and patent applications are due to be paid to the CNIPA, USPTO and other patent agencies in several stages over the lifetime of a patent. The CNIPA, USPTO and other similar governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application and maintenance process. Although an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. In any such event, our competitors might be able to enter the market, which would have a material adverse effect on our business.

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

Our success is heavily dependent on obtaining, maintaining, enforcing and defending intellectual property, particularly patents. Obtaining and enforcing patents in the pharmaceutical and biopharmaceutical industry involves technological and legal complexity and is costly, time-consuming and inherently uncertain. Changes in either the patent laws or their interpretation

in China, the U.S. or other jurisdictions may increase the uncertainties and costs surrounding the prosecution of our patents, diminish our ability to protect our inventions, and, more generally, affect the value of our intellectual property or narrow the scope of our patent rights.

In China, the recent amendment to the PRC Patent Law, amended in October 2020 and implemented in June 2021, introduced patent term compensation mechanism for eligible invention patents related to new drugs, but lacks operational details. The patents owned by third parties may be extended, which may in turn affect our ability to commercialize our products (if approved) without facing infringement risks. According to the PRC Patent Law, in order to compensate for the time used for the review and approval of new drugs for marketing, the patent administration department of the State Council shall, at the request of the patentee, provide patent term compensation for invention patents of new drugs approved for marketing in China. The patent term compensation may not exceed five years, and the total effective term of the patent after the new drug approved for marketing shall not exceed 14 years. If we are required to delay commercialization for an extended period of time, technological advances may develop and new products may be launched, which may in turn render our products non-competitive. We cannot guarantee that any other changes to PRC intellectual property laws would not have a negative impact on our intellectual property protection.

Under the America Invents Act, the AIA, enacted in 2011, the U.S. moved to first-to-file system in early 2013 from the previous system under which the first to make the claimed invention was entitled to the patent. Assuming the other requirements for patentability are met, the first to file a patent application is entitled to the patent. Publications of discoveries in the scientific literatures often lag behind the actual discoveries, and patent applications in the U.S. and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications, or that we were the first to file for patent protection of such inventions.

If we are unable to protect the confidentiality of our trade secrets and confidential information, our business and competitive position would be harmed. We may be subject to claims that our employees, consultants or advisers have wrongfully used or disclosed alleged trade secrets of their former employers, and we may be subject to claims asserting ownership of what we regard as our own intellectual property.

In addition to our issued patents and pending patent applications, we rely on trade secrets and confidential information, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our drug candidates. We seek to protect our trade secrets and confidential information, in part, by entering into non-disclosure and confidentiality agreements with parties that have access to trade secrets or confidential information, such as our employees, corporate collaborators, outside scientific collaborators, sponsored researchers, contract manufacturers, consultants, advisors and other third parties that have access to them.

However, we may not be able to prevent the unauthorized disclosure or use of our trade secrets and confidential information by the parties to these agreements. Monitoring unauthorized uses and disclosures is difficult and we do not know whether the steps we have taken to protect our proprietary technologies will be effective. Any of the parties with whom we enter into confidentiality agreements may breach the terms of any such agreements and may disclose our proprietary information, and we may not be able to obtain adequate remedies for any such breach or violation. As a result, we could lose our trade secrets and third parties could use our trade secrets to compete with our drug candidates and technology. Additionally, we cannot guarantee that we have entered into such agreements with each party that may have or has had access to our trade secrets or proprietary technology and processes. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time-consuming, and the

outcome is unpredictable. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us and our competitive position would be harmed.

Furthermore, our employees, consultants and advisors, including our senior management, may currently be, or were previously employed at other pharmaceutical or biopharmaceutical companies, including our competitors or potential competitors. Some of these employees, consultants, and advisors, including each member of our senior management, may have executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees, consultants and advisors do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. We are not aware of any threatened or pending claims related to these matters or concerning the agreements with our senior management, but in the future litigation may be necessary to defend against such claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to our employees and management.

While we typically require our employees, consultants and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own. Furthermore, even when we obtain agreements assigning intellectual property to us, the assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, each of which may result in claims by or against us related to the ownership of such intellectual property to determine the ownership of what we regard as our intellectual property. Furthermore, individuals executing agreements with us may have pre-existing or competing obligations to a third party, such as an academic institution, and thus an agreement with us may be ineffective in perfecting ownership of inventions developed by that individual. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending any of the foregoing claims, litigation could result in substantial costs and be a distraction to our management and scientific personnel.

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

If our trademarks and trade names are not adequately protected, then we may not be able to build brand recognition in our markets of interest and our business may be adversely affected.

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

Our trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. At times, competitors or other third parties may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively, and our business may be adversely affected.

Risks Relating to Our Reliance on Third Parties

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

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

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

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

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

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

The development and potential commercialization of our drug candidates will require substantial additional capital to fund expenses. Historically we have entered into collaboration arrangements with third parties in relation to the development of our drug candidates. Please refer to the paragraphs headed "Business — Collaboration Agreements" in this document for further information on those collaboration arrangements. We may form or seek additional strategic partnerships, enter into licensing arrangements or establish other collaborative relationships with third parties that we believe will complement or augment our R&D and commercialization efforts with respect to our drug candidates. Any of these relationships may require us to incur additional expenses and charges, increase our near and long-term expenditures, issue securities that dilute the value of our shares, or disrupt our management and business. These transactions can also entail numerous operational and financial risks, including exposure to unknown liabilities, and diversion of our management's time and attention in order to manage a collaboration or develop acquired products, drug candidates or technologies. As a result, if we enter into acquisition or in-license agreements or strategic partnerships, we may not be able to realize the benefit of such transactions if we are unable to successfully integrate them with our existing operations and company culture, which could delay our timelines or otherwise adversely affect our business.

Furthermore, we face significant competition in seeking appropriate strategic partners with whom we collaborate to develop our drug candidates, and the negotiation process is time-consuming and complex. We may not be always successful in our efforts to establish a strategic partnership or other alternative arrangements for our drug candidates because, among other reasons, they may be deemed to be at too early a stage of development for collaborative effort and third parties may not view our drug candidates as having the requisite potential to demonstrate safety and efficacy.

If and when we collaborate with a third party for the development and commercialization of a drug candidate, we may also relinquish some or all of the control over the future success of that drug candidate to the third party. Our ability to reach a definitive agreement for a collaboration will depend, among other things, upon our assessment of the collaborator's resources and expertise, the terms and conditions of the proposed collaboration and the proposed collaborator's evaluation of our technologies, drug candidates and market opportunities. The collaborator may also consider alternative drug candidates or technologies for similar indications that may be available to collaborate on and whether such a collaboration could be more attractive than the one with us for our drug candidate. We may also be restricted under any license agreements from entering into agreements on certain terms or at all with potential collaborators.

Collaborations involving our drug candidates are subject to specific risks, which include, but are not limited to, the following:

- collaborators have significant discretion in determining the efforts and resources that they will apply to a collaboration;
- collaborators may not pursue the development and commercialization of our drug candidates or may elect to cease collaboration due to change in their strategic focus, potential acquisition of competitive drugs, availability of funding, or other external factors, such as a business combination that diverts resources or creates competing priorities;
- collaborators may delay clinical trials, provide insufficient funding for a clinical trial, discontinue a clinical trial, repeat or conduct new clinical trials, or require a new formulation of a drug candidate for clinical testing;
- collaborators could independently develop, or develop with third parties, drugs that compete directly or indirectly with our drug candidates or future drugs;
- collaborators may not properly maintain or defend our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability;
- collaborators may not always be cooperative or responsive in providing their services in a clinical trial;
- disputes may arise between us and a collaborator that cause a delay or termination of the research, development or commercialization of our drug candidates, or that result in costly litigation or arbitration that diverts management attention and resources; and
- collaborators may own or co-own intellectual property covering our drug candidates or future drugs that results from our collaborating with them, and in such cases, we would not have the exclusive right over such intellectual property.

As a result, we cannot be certain that, following a strategic transaction or license, we will be able to achieve the revenue or specific net income that justifies such transaction. If we are unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms, or at all, we may have to curtail the development of a drug candidate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to fund and undertake development or commercialization activities on our own, we may need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. Either would harm our business, financial condition, results of operations and prospects.

We have a limited number of suppliers during the Track Record Period and the loss of one or more key suppliers could disrupt our operations.

For the years ended December 31, 2022 and 2021, the aggregate purchases attributable to our five largest suppliers amounted to RMB58.1 million and RMB55.9 million, respectively, representing 30.2% and 32.4% of our total purchases, respectively. During the Track Record Period, we had a small number of suppliers, and the largest purchase amounts related to manufacturing services. Our other major purchases were fees paid to research and development services, equipment and construction works. We expect to continue our purchases from these suppliers as we fund the continuing R&D activities of our drug candidates in our pipeline. We believe that we have long and stable relationships with our existing large third-party suppliers. However, the stability of operations and business strategies of our suppliers are beyond our control, and we cannot assure you that we will be able to secure a stable relationship and high-quality outsourced services with our large suppliers. If any of our large suppliers terminates its business relationship with us, we may encounter difficulty in finding a replacement that can provide services of equal quality at a similar price. If this occurs, our operations may be significantly disrupted.

If our third-party manufacturers fail to deliver sufficient quantities of product or fail to do so at acceptable quality levels or prices, our business could be harmed.

In addition to our pilot product lines, we currently also engage third parties for the manufacturing of certain drug candidates for preclinical studies and clinical use. Such reliance on third-party manufacturers would expose us to the following risks:

- we may be unable to identify manufacturers on acceptable terms or at all because the number of potential manufacturers is limited and the NMPA, FDA or other comparable regulatory authorities must evaluate and/or approve any manufacturers as part of their regulatory oversight of our drug candidates. This evaluation would require new testing and GMP-compliance inspections by the NMPA, FDA or other comparable regulatory authorities;

- our third-party manufacturers might be unable to timely manufacture our drug candidates or produce the quantity and quality required to meet our clinical and commercial needs, if any;

- manufacturers are subject to ongoing periodic inspection, announced and unannounced, by the regulatory authorities to ensure strict compliance with GMP and other government regulations, and we do not have control over third-party manufacturers' compliance with these regulations and requirements;

- we may not own, or may have to share, the intellectual property rights to any improvements made by our third-party manufacturers in the manufacturing process for our drug candidates;

- manufacturers may not properly obtain, protect, maintain, defend or enforce our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability;

- manufacturers may infringe, misappropriate or otherwise violate the patent, trade secret or other intellectual property rights of third parties;

- raw materials and components used in the manufacturing process, particularly those for which we have no other source or supplier, may not be available or may not be suitable or acceptable for use due to material or component defects; and

- our contract manufacturers may be subject to inclement weather, as well as natural or human-made disasters.

Each of these risks could delay or suspend R&D activities, result in higher costs, or adversely impact commercialization of our future approved drug candidates. In addition, we will rely on third parties to perform certain specification tests, including abnormal toxicity tests, on our drug candidates prior to delivery to patients. If these tests are not appropriately done and test data are not reliable, patients could be put at risk of serious harm, and regulatory authorities could place significant restrictions on us until deficiencies are remedied.

Manufacturers of drug and biological products often encounter difficulties in production, particularly in scaling up or out, validating the production process, and assuring high reliability of the manufacturing process. These problems include logistics and shipping, difficulties with production costs and yields, quality control, including stability of the product, product testing, operator error, availability of qualified personnel, as well as compliance with strictly enforced regulations. Furthermore, if contaminants are discovered in our supply of our drug candidates or in the manufacturing facilities, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination. We cannot assure you that any stability failures or other issues relating to the manufacture of our drug candidates will not occur in the future. If our manufacturers were to encounter any of these difficulties, or otherwise fail to comply with their contractual obligations, our ability to provide any future approved drug candidates for commercial sale and our drug candidates to patients in clinical trials would be jeopardized. Any delay or interruption in the provision of clinical trial supplies could delay the completion of clinical trials, increase the costs associated with maintaining clinical trial programs and, depending upon the period of delay, require us to begin new clinical trials at additional expense or terminate clinical trials completely.

We depend on a stable and adequate supply of quality raw materials, including active pharmaceutical ingredients, reagents and consumables, research and development and manufacturing equipment from our suppliers, and price increases or interruptions of such supply could have an adverse impact on our business.

Our business operations require a substantial amount of raw materials, such as active pharmaceutical ingredients, reagents and consumables, as well as equipment and other materials needed for R&D as well as manufacturing purposes. Currently, the materials and equipment are supplied by multiple source suppliers. We have agreements for the supply of drug materials with manufacturers or suppliers that we believe have sufficient capacity to meet our demands. In addition, we believe that adequate alternative sources for such supplies exist. However, any disruption in production or the inability of our suppliers to produce adequate quantities to meet our needs could impair our operations and the R&D of our drug candidates.

Moreover, we require a stable supply of materials for our drug candidates in the course of our R&D activities, and such needs are expected to increase significantly once we enter commercial production of drugs upon receipt of marketing approval, but there is no assurance that current suppliers have the capacity to meet our demand. Any significant delay in receiving such materials in the quantity and quality that we need could delay the completion of our clinical studies, regulatory approval of our drug candidates or our ability to timely meet market demand for our commercialized products. Our suppliers may not be able to cater to our growing demand or may reduce or cease their supply of materials to us at any time. Even if our suppliers have adequate capacity to meet our demand, they may fail to deliver the materials to us in a timely manner due to logistics difficulties or other reasons beyond their control.

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

In addition, we cannot assure you that these third parties will be able to maintain and renew all licenses, permits and approvals necessary for their operations or comply with all applicable laws and regulations. Failure to do so by them may lead to interruption in their business operations, which in turn may result in shortage of the materials and equipment supplied to us, and cause delays in clinical trials and regulatory filings, or recall of our products. The non-compliance of these third parties may also subject us to potential product liability claims, cause us to fail to comply with the continuing regulatory requirements, and incur significant costs to rectify such incidents of non-compliance, which may have a material and adverse effect on our business, financial condition and results of operation.

Our Directors, employees, principal investigators, consultants, commercial partners and independent contractors may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements, and insider* [REDACTED]*, which could harm our reputation and subject us to penalties and significant expenses that have a material and adverse effect on our business, financial condition and results of operations.

We are exposed to risks of fraud, bribery, misconduct or other illegal activity by our Directors, employees, principal investigators, consultants, commercial partners and independent contractors that could subject us to financial losses and sanctions imposed by government authorities, which may adversely affect our reputation. Misconduct by these parties could include, but not limited to, intentional, reckless and negligent conduct that fails to:

- comply with the laws of the NMPA, the FDA and other comparable regulatory authorities;
- provide true, complete and accurate information to the NMPA, the FDA and other comparable regulatory authorities;
- comply with manufacturing standards we have established;
- comply with healthcare fraud and abuse laws in China, the U.S. and similar fraudulent misconduct laws applicable to us; or
- report financial information or data accurately or disclose unauthorized activities to us.

If we obtain approval for any of our drug candidates and begin commercializing those drugs in China, the U.S., or other applicable jurisdictions, our potential exposure under relevant laws will increase significantly, and our costs associated with compliance with such laws are also likely to increase. These laws may impact, among other things, our current activities with principal investigators of our clinical trials, and our use of information obtained in the course of patient recruitment for clinical trials, as well as proposed and future sales and marketing programs. In particular, the promotion, sales and marketing of healthcare items and services, as well as certain business arrangements in the healthcare industry, are subject to extensive laws designed to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, structuring and commission(s), certain customer incentive programs and other business arrangements generally.

Additionally, we could be liable for actions taken by them that violate anti-bribery, anti-corruption and other related laws and regulations in China, the U.S. or other jurisdictions. The government authorities may seize the products involved in any illegal or improper conduct engaged in by our employees or commercial partners. We may be subject to claims, fines or suspension of our operations. Our reputation, our sales activities or the **[REDACTED]** of our H Shares could be adversely affected if we are associated with any negative publicity as a result of illegal or improper actions, or allegations of illegal or improper actions, taken by our Directors, employees or commercial partners.

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

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

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

The conversion of RMB into foreign currencies, including Hong Kong dollar and the U.S. dollar, is based on rates set by the People's Bank of China. The RMB has fluctuated against Hong Kong dollar and the U.S. dollar at times significantly and unpredictably. The value of RMB against Hong Kong dollar, the U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. We incurred net foreign exchange losses of RMB9.1 million in 2021 and net foreign exchange gains of RMB26.1 million in 2022. We cannot assure you that RMB will not appreciate or depreciate significantly in value against Hong Kong dollar or the U.S. dollar in the future. It is difficult to predict how market forces or government policies may impact the exchange rate between RMB and foreign currencies in the future.

Significant revaluation of RMB may have a material and adverse effect on your investment. For example, to the extent that we need to convert Hong Kong dollars we receive from this **[REDACTED]** into RMB for our operations, appreciation of RMB against Hong Kong dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, if we decide to convert our RMB into Hong Kong dollars for the purpose of making payments for dividends on our H Shares or for other business purposes, appreciation of Hong Kong dollar against RMB would have a negative effect on the Hong Kong dollar amount available to us.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited, and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currencies. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

We have historically received government grants, subsidiaries and other preferential policies for our R&D and financing activities and enjoyed preferential tax treatment during the Track Record Period. Expiration of, or changes to, these incentives or policies or our failure to satisfy any condition for these incentives would have an adverse effect on our results of operations.

We have historically benefited from government grants, subsidies and other preferential policies as incentives for our R&D and financing activities. We recognized RMB8.7 million and RMB5.2 million in government grants in 2021 and 2022, respectively. We have been accredited as a High and New Technology Enterprise under the relevant PRC laws and regulations and enjoy a preferential tax rate of 15% for a term of three years starting from 2020. Although we expect to continuously benefit from government grants and preferential tax treatment, the local government authorities have the sole discretion to determine the timing, amount and criteria of such financial incentives. We generally do not have the ability to influence local government authorities in making these decisions. Local authorities may decide to reduce or eliminate incentives at any time. In addition, some of the government financial incentives are granted on a project basis and subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements and completion of the specific projects therein. We cannot guarantee that we will satisfy all relevant conditions, otherwise we may be deprived of all or part of the incentives, which may have an adverse effect on our business, financial performance and results of operations.

We had net liabilities as of December 31, 2021. We cannot assure you that we will not experience net liabilities in the future, which could expose us to liquidity risks.

We had net liabilities of RMB1,598.4 million as of December 31, 2021, and we recorded net current liabilities of RMB1,773.7 million as of December 31, 2021. Our financial liabilities at FVTPL, which primarily accounted for our net current liabilities and net liabilities, were RMB2,431.6 million as of December 31, 2021. We no longer recorded any financial liabilities at FVTPL since January 31, 2022, as the investors' preferred rights in connection with our series of financings, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same day. While we believe we have sufficient working capital to fund our current operations, we may have net liabilities for the foreseeable future. A net liabilities position can expose us to the risk of shortfalls in liquidity. This in turn would require us to seek adequate financing from sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. If we are unable maintain adequate working capital or obtain sufficient equity or debt financings to meet our capital needs, we may be unable to continue our operations according to our plans and be forced to scale back our operations, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Fair value changes of our financial liabilities at FVTPL and related valuation uncertainty may adversely affect our financial condition and results of operations.

We issued equity interest with preferred rights to certain investors prior to and during the Track Record Period. We accounted for these financial instruments as financial liabilities at FVTPL, for which no quoted prices in an active market exist. As of December 31, 2021 and December 31, 2022, the carrying amounts of our financial liabilities at FVTPL were RMB2,431.6 million and nil, respectively.

During the Track Record Period, we recorded loss from changes in fair value of financial liabilities at FVTPL of RMB511.5 million and RMB55.5 million in 2021 and 2022, respectively. The changes were primarily attributable to the increase in the fair value of equity interests with preferred rights held by our investors.

The fair value of our financial liabilities at FVTPL is determined using valuation techniques, namely back-solve method and equity allocation model involving various parameters and inputs. Valuation techniques are certified by an independent qualified professional valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. However, it should be noted that some inputs require management estimates and are inherently uncertain. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Changes in these estimates and assumptions may lead to a change in the fair value of our financial liabilities at FVTPL, which in turn may adversely affect our financial condition and results of operations.

We no longer recorded any financial liabilities at FVTPL since January 31, 2022, as the investors' preferred rights in connection with our series of financings, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same day. For details about our financial liabilities at FVTPL, see note 26 to the Accountants' Report set out in the Appendix I to this document.

Our financial performance and results of operations may be adversely affected by fair value changes and credit risk associated with our financial assets at FVTPL.

We made investment in certain wealth management products and structured deposits during the Track Record Period, and our investment was limited to principal-guaranteed products from reputable commercial banks in China which were short-term products with low risks. In 2021, we redeemed all of our investment in wealth management products and structured deposits and no longer recorded financial assets at FVTPL since then. We may in the future seek principal-guaranteed wealth management products and structured deposits that provide better investment returns than term deposits at commercial banks. We cannot assure you that market conditions and regulatory environment will create fair value gains or we will not incur any fair value losses on our financial assets at FVTPL in the future. If we incur such fair value losses, our financial performance and results of operations may be adversely affected.

Share-based payments may impact our financial performance and cause shareholding dilution to our existing Shareholders.

We adopted the restrict share scheme and granted restricted shares to certain employees, directors and consultants to incentivize and reward the eligible persons who had contributed and would continue to contribute to the success of our Company. In 2021 and 2022, we recorded non-cash share-based payments of RMB34.0 million and RMB103.8 million, respectively. To further incentivize our employees, directors and consultants and align their interests with ours, we may grant additional share-based compensation in the future. Expenses incurred with respect to

such share-based payment may increase our operating expenses and therefore have an adverse effect on our financial performance. Issuance of additional Shares with respect to such share-based payment may also dilute the shareholding percentage of our existing Shareholders.

The impairment of our prepayments and other receivables may affect our business operations.

Our prepayments and other receivables were RMB27.5 million and RMB16.6 million as of December 31, 2021 and December 31, 2022, respectively. Our prepayments and other receivables consisted of prepayments for research and development related services and materials, and other receivables. For details, see note 21 to the Accountants' Report set out in Appendix I to this document. We conduct assessments on the recoverability of prepayments and other receivables based on, among others, our historical settlement records, our relationship with relevant counterparties, payment terms, current economic trends and to a certain extent, the larger economic and regulatory environment, which involve the use of various judgments, assumptions and estimates by our management. However, there is no assurance that our expectations or estimates will be entirely accurate, or any precautions we take to prevent an impairment will be effective, as we are not in control of all the underlying factors affecting such prepayments and other receivables. If we are not able to recover the prepayments and other receivables as scheduled, our financial position and results of operations may be adversely affected.

OTHER RISKS RELATING TO OUR OPERATIONS

The loss of any key members of our senior management team or our inability to attract and retain highly skilled scientists, clinical and sales personnel could delay or prevent the successful development of our drug candidates and result to a material and adverse effect on our business and results of operations.

Our commercial success depends significantly on the continued service of our senior management. For more details of our senior management, see the paragraphs headed "Directors, Supervisors and Senior Management" in the document. The loss of any of our senior management could have a material adverse effect on our business and operations. Although we have formal employment agreements with each of our executive officers, these agreements do not prevent our executives from terminating their employment with us at any time.

Recruiting and retaining qualified scientific, technical, clinical, sales and marketing personnel in the future will also be critical to our success. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our discovery, clinical development and commercialization strategy. To retain valuable employees, in addition to salary and cash incentives, we have provided share incentives that vest over time. The value to employees of these equity grants that vest over time may be significantly affected by movements in the **[REDACTED]** of our H Shares that are beyond our control and may, at any time, be insufficient to counteract more lucrative offers from other companies. The loss of the services of our executive officers or other key employees and consultants could impede the achievement of our research, development and commercialization objectives and seriously harm our ability to successfully implement our business strategy.

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

Furthermore, replacing executive officers, key employees or consultants may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products like those we develop. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel or consultants on acceptable terms given the competition among numerous pharmaceutical and biopharmaceutical companies for similar personnel. To compete effectively, we may need to offer higher compensation and other benefits, which could materially and adversely affect our financial condition and results of operations. In addition, we may not be successful in training our professionals to keep pace with technological and regulatory standards. Any inability to attract, motivate, train or retain qualified scientists or other technical personnel may have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

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

We may become subject, from time to time, to legal proceedings and claims that arise in the ordinary course of business or pursuant to governmental or regulatory enforcement activity. Litigation to which we subsequently become a party might result in substantial costs and divert management's attention and resources. Furthermore, any litigations, legal disputes, claims or administrative proceedings that may initially not appear to be of material importance may escalate and become important to us due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. Additionally, it is possible that our liabilities could exceed our insurance coverage or that our insurance will not cover all situations in which a claim against us could be made. We may not be able to maintain insurance coverage at a reasonable cost or obtain insurance coverage that will be adequate to satisfy any liability that may arise. A claim brought against us that is uninsured or underinsured could result in unanticipated costs and could have a material and adverse effect on our financial condition, results of operations or reputation.

If we fail to comply with anti-bribery laws, our reputation may be harmed and we could be subject to penalties and significant expenses that have a material adverse effect on our business, financial condition and results of operations.

We are subject to anti-bribery laws in China that generally prohibit companies and their intermediaries from making payments to government officials for the purpose of obtaining or retaining business or securing any other improper advantage. In addition, although currently our primary operating business is in China, we are subject to the Foreign Corrupt Practices Act, the FCPA. The FCPA generally prohibits us from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. Although we have policies and procedures designed to ensure that we, our employees and our agents comply with anti-bribery laws, there is no assurance that such policies or procedures will prevent our agents, employees and intermediaries from engaging in bribery activities. Failure to comply with anti-bribery laws could disrupt our business and lead to severe criminal and civil penalties, including imprisonment, criminal and civil fines, loss of our export licenses, suspension of our ability to do business with the government, denial of government reimbursement for our products and/or exclusion from participation in government healthcare programs. Other remedial measures could include further changes or enhancements to our procedures, policies, and controls and potential personnel changes and/or disciplinary actions, any of which could have a material adverse effect on our business, financial condition, results of operations and liquidity. We could also be adversely affected by any allegation that we violated such laws.

We are subject to the risks of doing business globally, including risks relating to political and economic instability and changes in diplomatic and trade relationships, which may materially and adversely affect our business and results of operations.

As we operate in the PRC, the U.S. and conduct our clinical trials in these jurisdictions, our business is subject to risks associated with doing business globally. Accordingly, our business and financial results in the future could be adversely affected due to a variety of factors, including:

- changes in a specific country's or region's political and cultural climate or economic condition;
- unexpected changes in laws and regulatory requirements in local jurisdictions;
- differences between national and local practice with respect to laws and regulatory requirements in a specific jurisdiction;
- difficulty of effective enforcement of contractual provisions in certain jurisdictions;
- efforts to develop an international sales, marketing and distribution organization may increase our expenses, divert our management's attention from the acquisition or development of drug candidates or cause us to forgo profitable licensing opportunities in these geographies;
- the occurrence of economic weakness, including inflation or political instability;
- inadequate intellectual property protection in certain jurisdictions;
- difficulty of ensuring that third-party partners do not infringe, misappropriate, or otherwise violate the patent, trade secret, or other intellectual property rights of others;
- enforcement of anti-corruption and anti-bribery laws;
- trade protection measures, import or export licensing requirements and fines, penalties or suspension or revocation of export privileges;
- delays resulting from difficulty in obtaining export licenses, tariffs and other barriers and restrictions, potentially longer payment cycles, and greater difficulty in accounts receivable collection;
- compliance with tax, employment, immigration and labor;
- the effects of applicable local tax regimes and potentially adverse tax consequences;
- significant adverse changes in local currency exchange rates; and
- business interruptions resulting from geo-political actions and cultural climate or economic condition, including war and acts of terrorism, natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes and fires, or the impact of public health pandemics or epidemics, including, for example, the outbreak of COVID-19.

The occurrence of any one or more of these risks of doing business internationally, alone or in the aggregate, could materially adversely affect our business and results of operations.

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

We face an inherent risk of product and professional liability as a result of the clinical testing and any future commercialization of our drug candidates inside and outside China. For example, we may be sued if our drug candidates cause or are perceived to cause injury or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the drug, negligence, strict liability or a breach of warranties. Claims could also be asserted under applicable consumer protection laws. If we cannot successfully defend ourselves against the claims, we may incur substantial liabilities or be required to limit commercialization of our drug candidates. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for our drug candidates;
- injury to our reputation;
- withdrawal of clinical trial participants and inability to continue clinical trials;
- initiation of investigations by regulatory authorities;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients;
- product recalls, withdrawals or labelling, marketing or promotional restrictions;
- loss of revenue;
- exhaustion of any available insurance and our capital resources;
- the inability to commercialize any approved drug candidate; and
- a decline in the **[REDACTED]** of our H Shares.

To cover such liability claims arising from clinical studies, we purchase clinical trial insurance to cover adverse events in our clinical trials. It is possible that our liabilities could exceed our insurance coverage or that our insurance will not cover all situations in which a claim against us could be made. We may not be able to maintain insurance coverage at a reasonable cost or obtain insurance coverage that will be adequate to satisfy any liability that may arise. If a successful product liability claim or series of claims is brought against us for uninsured liabilities or in excess of insured liabilities, our assets may not be sufficient to cover such claims and our business operations could be impaired. Should any of these events occur, it could have a material adverse effect on our business, financial condition and results of operations.

Our internal information technology systems, or those used by our CROs, CDMOs, partners, other independent contractors or consultants, may fail or suffer security breaches, which may require us to expend additional resources to protect our information technology systems and could materially and adversely affect our business, financial condition, results of operations and prospects.

Our internal computer systems and those of our current and any future third-party vendors, collaborators, consultants, and third parties performing services for us, as well as our clinical sites and regulatory authorities, are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, and telecommunication and electrical failures. In addition, the COVID-19 pandemic has intensified our dependence on information technology systems as many of our critical business activities are currently being conducted remotely.

Although we have not experienced any such material system failure, accident, or security breach to date, if such an event were to occur and cause interruptions in our operations, it could result in a disruption of our drug candidate development and our business operations, whether due to a loss of our trade secrets or other proprietary information or other similar disruptions. For example, the loss of clinical trial data from our current or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in the theft or destruction of intellectual property, data, or other misappropriation of assets, financial loss, or otherwise compromise our confidential or proprietary information and disrupt our operations, our competitive position could be harmed, and the further development and commercialization of our drug candidates could be delayed.

We could be subject to risks caused by misappropriation, misuse, leakage, falsification, or intentional or accidental release or loss of information maintained in the information systems and networks of our company, our third-party vendors, and clinical sites, including personal information of our employees and, potentially, our clinical study patients, and company and vendor confidential data. In addition, third parties may attempt to penetrate our systems or those of our vendors or fraudulently induce our personnel or the personnel of our vendors to disclose sensitive information in order to gain access to data and systems. We may experience threats to our data and systems, including malicious codes and viruses, phishing, and other cyber-attacks. The number and complexity of these threats continue to increase over time. If a material breach of our information technology systems or those of our vendors occurs, the market perception of the effectiveness of our security measures could be harmed and our reputation and credibility could be damaged. We could be required to expend significant amounts of money and other resources to repair or replace information systems or networks.

In addition, we could be subject to regulatory actions or claims made by individuals and groups in private litigation involving privacy issues related to data collection and use practices and other data privacy laws and regulations, including claims for misuse or inappropriate disclosure of data, as well as unfair or deceptive practices. Although we develop and maintain systems and controls designed to prevent these events from occurring, and we have a process to identify and mitigate threats, the development and maintenance of these systems, controls, and processes is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly sophisticated.

Moreover, despite our efforts, the possibility of these events occurring cannot be eliminated entirely. As we outsource more of our information systems to vendors, engage in more electronic transactions with clinical sites and collaborators, and rely more on cloud-based information systems, the related security risks will increase, and we will need to expend additional resources to protect our technology and information systems. In addition, there can be no assurance that our internal information technology systems, or those of third parties with which we conduct business, will be sufficient to protect us against breakdowns, service disruption, data deterioration, or loss in

the event of a system malfunction, or prevent data from being stolen or corrupted in the event of a cyberattack, security breach, industrial espionage attacks, or insider threat attacks, which could result in financial, legal, business, or reputational harm.

If we fail to maintain effective internal controls, we may not be able to accurately report our financial results or prevent fraud, and our business, financial condition, results of operations and reputation could be materially and adversely affected.

Prior to this **[REDACTED]**, we were a private company with limited accounting and financial reporting personnel and other resources with which to address our internal controls and procedures. Our independent registered public accounting firm has not conducted an audit of our internal control over financial reporting. In preparation for the **[REDACTED]**, we engaged an internal control consultant to perform the internal control review, and the review scope covers certain areas including financial closing and reporting. We are in the process of implementing a number of measures to manage our risk exposure. However, we may not effectively monitor risks due to limited information resources or tools and other reasons. In addition, we cannot assure you that all of our employees will comply with our internal control systems and procedures. Although we regularly update our risk management systems and procedures, we may fail to predict risks arising from rapid changes in market conditions, regulatory measures and our entry into new markets. If we fail to effectively improve our risk management and internal control procedures and systems, or if we cannot achieve the intended results of such procedures or systems in a timely manner, our business, financial condition and results of operations may be materially adversely affected.

Increased labor costs could result in exceeding expenses, slow our growth and affect our profitability.

Our success depends in part upon our ability to attract, motivate and retain a sufficient number of qualified employees, including management, technical, research and development, sales and marketing, production, quality control and other personnel. We face intense competition in recruiting and retaining qualified personnel, as competitors are competing for the same pool of qualified personnel and our remuneration packages may not be as competitive as those of our competitors. Increasing market competition may cause market demand and competition for qualified employees to intensify. If we face labor shortages or significant increases in labor costs, higher employee turnover rates or changes to labor laws and regulations, our operating costs could increase significantly, which could materially adversely affect our results of operations. In addition, we could face labor disputes with our employees, which could lead to fines by governmental authorities and settlement costs to resolve the disputes. Labor disputes could also make it more difficult to recruit new employees due to the reputational damage caused by labor disputes.

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

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

- increased operating expenses and cash requirements;
- the assumption of additional indebtedness or contingent or unforeseen liabilities;
- the issuance of our equity securities;

- assimilation of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management's attention from our existing product programs and initiatives in pursuing such a strategic merger or acquisition;
- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing drugs or drug candidates and regulatory approvals; and
- our inability to generate revenue from acquired technology or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs.

In addition, if we undertake acquisitions, we may **[REDACTED]**, assume or incur debt obligations, incur large one-time expenses, and acquire intangible assets that could result in significant future amortization expense.

According to the Anti-Monopoly Law of PRC (中華人民共和國反壟斷法) and the Provisions of the State Council on Thresholds for Prior Notification of Concentrations of Undertakings (國務院關於經營者集中申報標準的規定), issued by the State Council, the concentration of business undertakings by way of mergers, acquisitions or contractual arrangements that allow one market player to take control of or to exert decisive impact on another market player must also be filed in advance to the MOFCOM when the threshold is crossed and such concentration shall not be implemented without the clearance of prior filing.

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

We are subject to numerous environmental, health, and safety laws and regulations in China and the U.S., including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations involve the use of hazardous and flammable materials, including chemicals and biological materials. Our operations also produce hazardous waste products. We contract with third parties for the disposal of these materials and wastes. We cannot fully eliminate the risk of accidental contamination, biological or chemical hazards or personal injury at our facilities during the process of discovery, testing, development and manufacturing of our drug candidates. In the event of such accident, we could be held liable for damages and clean-up costs which, to the extent not covered by existing insurance or indemnification, could harm our business. We may also be forced to close or suspend operations at certain of our affected facilities temporarily or permanently. As a result, any accidental contamination, biological or chemical hazards or personal injury could have a material and adverse impact on our business, financial condition, results of operations and prospects.

We also could incur significant costs associated with civil or criminal fines and penalties for failure to comply with such laws and regulations. In addition, we may incur substantial costs in order to comply with current or future environmental, health, and safety laws and regulations. These current or future laws and regulations may impair our drug candidate R&D program efforts. Moreover, there is increasing stakeholder pressure on companies to diligence environmental, social, and governance matters in the supply chain. Negative publicity regarding production methods, alleged practices or workplace or related conditions of any of our suppliers, CROs,

CDMOs or other third parties who perform services for us could adversely affect our reputation and force us to locate alternatives, which could increase our costs and result in delayed supply of components for, and manufacturing of, our drug candidates, or other disruptions to our operations.

In terms of the construction of our manufacturing facilities, they can be put into operation after the relevant administrative authorities in charge of environmental protection and health and safety examine and approve such facilities. We cannot assure you that we will be able to obtain all the regulatory approvals for our construction projects in a timely manner, or at all. Delays or failures in obtaining all the requisite regulatory approvals for our construction projects may affect our abilities to develop, manufacture and commercialize our drug candidates as we plan.

We have significantly increased, and may need to keep increasing, the size and capabilities of our organization, and we may experience difficulties in managing our growth. If we fail to effectively manage our anticipated growth or execute on our growth strategies, our business, financial condition, results of operations and prospects could suffer.

We are a relatively small company, operating in China and the U.S. and working on a rich and expanding pipeline of drug candidates. We had a total of 143 full-time employees as of the Latest Practicable Date. Our future financial performance and our ability to commercialize our drug candidates will depend, in part, on our ability to effectively manage our recent growth and any future growth. We might not be able to effectively manage the expansion of our operations, which may result in weaknesses in our infrastructure, operational inefficiencies, loss of business opportunities, loss of employees and reduced productivity among remaining employees. Our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to devote a substantial amount of time to managing these growth activities.

As our development and commercialization plans and strategies evolve, we must add a significant number of additional managerial, operational, manufacturing, sales, marketing, financial and other personnel. Our recent growth and any future growth will impose significant added responsibilities on our management, including but not limited to:

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

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

We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources, which may negatively impact our R&D progress and overall operations.

We maintain insurance policies that are required under the PRC laws and regulations and that we believe are in line with market practice and adequate for our business to safeguard against risks and unexpected events. Our insurance policies cover adverse events in our clinical trials, and we also maintain property loss insurance. We maintain social welfare insurance for our employees in accordance with relevant PRC laws and regulations. However, our insurance coverage may be insufficient to cover any claims that we may have. Any liability or damage to, or caused by, our facilities or our personnel beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources and may negatively impact our drug development and overall operations.

We are subject to risks associated with leasing space.

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

Pursuant to PRC laws, both lessors and lessees are required to file the lease agreements with relevant authorities for record and obtain property leasing filing certificates for their leases. In practice, as the filing of the lease agreements requires the coordination of both lessors and lessees, we cannot assure you that the lessor will cooperate and complete the registration in a timely manner. Although we have reached out to our lessors for their necessary support with regard to the filing of the lease agreements, as of the Latest Practicable Date, we and our lessors have not filed four of our leases with the governmental authorities due to various reasons, including, without limitation, the failure or unwillingness of the lessors to provide relevant documents. The failure to file and obtain property leasing filing certificates for such leases, as required under PRC laws, may subject us to a fine ranging from RMB1,000 to RMB10,000 for each agreement not filed, and a maximum fine of RMB40,000 in aggregate. Although non-registration of lease agreements does not in itself invalidate the leases, we may not be able to defend these leases against bona fide third parties, which may negatively affect our ability to operate our business covered under those leases.

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

Any negative publicity concerning us, our affiliates, our Shareholders, Directors, officers, employees and business partners, management, even if untrue, could adversely affect our reputation and business prospects. Such negative coverage in the media and publicity could threaten the perception of our reputation. In addition, to the extent our Shareholders, Directors, officers, employees and business partners were incompliant with any laws or regulations or became involved in lawsuits, disputes, or other legal proceedings or became subject to administrative measures, penalties or investigations by regulatory authorities, we may also suffer negative publicity or harm to our reputation. As a result, we may be required to spend significant time and incur substantial costs in response to allegations and negative publicity. In addition, any negative publicity about us could adversely affect our ability to maintain our existing collaboration arrangements or attract new collaboration partners, and we may not be able to diffuse such negative publicity to the satisfaction of our investors.

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

Our operations may be under the threat of floods, earthquakes, sandstorms, snowstorms, fire or drought, power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or may be susceptible to potential wars or terrorist attacks. Serious natural disasters may result in loss of lives, injury, destruction of assets and disruption of our business and operations. Acts of war or terrorism may also injure our employees, cause loss of lives, disrupt our business network and destroy our markets. Any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial conditions and results of operations.

Our business could be adversely affected by the effects of epidemics, including COVID-19, avian influenza, severe acute respiratory syndrome (SARS), influenza A (H1N1), Ebola or another epidemic. Any such occurrences could cause severe disruption to our daily operations and may even require a temporary closure of our offices and laboratories. In recent years, there have been outbreaks of epidemics in China and globally. See also "— Key risks relating to our business, business operations, intellectual property rights and financial prospects — The COVID-19 pandemic could adversely impact our business, including our clinical trials."

RISKS RELATING TO OUR DOING BUSINESS IN CHINA

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

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

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

A substantial part of our operations is conducted in the PRC. Accordingly, our business, operating results, and financial condition are affected to a significant extent by economic, political, and legal developments in the PRC. The PRC economy differs from the economies of most developed countries in many respects, including the extent of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in the PRC is still owned by the government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over the economic growth by allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, regulating financial services and institutions, and providing preferential treatment to particular industries or companies.

While the PRC economy has experienced significant growth in the past three decades, growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall PRC economy but may also have a negative effect on us. Our business, operating results, and financial condition could be materially and adversely affected by government control over capital investments or changes in tax regulations that are applicable to us. In addition, the PRC government has implemented in the past certain measures to control the pace of economic growth. These measures may cause decreased economic activity, and the business environment in China could deteriorate from the perspective of domestic or international investment. Any of the foregoing would materially and adversely affect our business, financial condition, results of operations and prospects.

Changes in U.S. and international trade policies, and in relationships between the PRC and other countries, may adversely impact our business and operating results.

The U.S. government has recently made significant changes in its trade policy and has taken certain actions that may materially impact international trade, such as imposing several rounds of tariffs affecting certain products manufactured in the PRC. In March 2018, the former U.S. President Donald J. Trump announced the imposition of tariffs on steel and aluminum entering the U.S. and in June 2018 announced further tariffs targeting goods imported from the PRC. Despite the recent re-exemption of U.S. tariffs on some Chinese goods, it remains unclear what actions, if any, the U.S. government will take with respect to other existing international trade agreements. It is also unknown whether and to what extent new tariffs (or other new laws or regulations) will be adopted, or the effect that any such actions would have on us or our industry.

While we have not started commercialization of any of our drug candidates, any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the demand for our future drug products, the competitive position of our future drug products, the hiring of scientists and other R&D personnel, and import or export of raw materials in relation to drug development, or may prevent us from selling our future drug products in certain countries. If any new tariffs, legislation and regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the U.S. government takes retaliatory trade actions due to the recent U.S.-China trade tension, such changes could have an adverse effect on our business, financial condition and results of operations.

The existing trade disputes may escalate going forward and may result in certain types of goods, such as advanced R&D equipment and materials, becoming significantly more expensive to procure from overseas suppliers or even becoming illegal to export. Furthermore, there can be no assurance that our existing or potential service providers or collaboration partners will not alter their perception of us or their preferences as a result of adverse changes to the state of political relationships between China and the relevant foreign countries or regions. Trade disputes, tensions and political concerns between the PRC and the relevant foreign countries or regions may therefore adversely affect our business, financial condition, results of operations, cash flows and prospects.

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

Substantially all of our operations are conducted in the PRC through our PRC entities, and are governed by the PRC laws, rules and regulations. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited binding precedential value. Since 1979, the PRC government has promulgated laws, rules and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation, finance, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. However, the

PRC has not developed a fully integrated legal system, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC or may be subject to various degrees of interpretation by the PRC regulatory agencies.

In particular, since the PRC pharmaceutical industry is experiencing ongoing reform, the laws and regulations relating to this industry may be unspecific and may be incomprehensive or inconsistent. Since these laws, rules and regulations are relatively new and often grant the relevant regulators significant discretion in how to enforce them, and because of the limited number of published decisions and the nonbinding nature of such decisions, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation.

The NMPA's recent reform of the drug approval system may also face implementation challenges. The timing and full impact of such reforms are uncertain and could prevent us from commercializing our drug candidates in a timely manner. For example, the NHC issued the Administrative Measures for Clinical Use of Oncology Drugs (Trial) (抗腫瘤藥物臨床應用管理辦法(試行)), or the Administrative Measures, effective from March 1, 2021, requiring the oncology drugs, as classified into the "restricted-use" and "normal-use" categories, to be rationally used or prescribed by the medical institutions and medical practitioners. To facilitate the implementation of the Administrative Measures, in June 2021, the NHC further issued the Administrative Measurements for Rational Clinical Use of Oncology Drugs (抗腫瘤藥物臨床合理應用管理指標), or the Administrative Measurements, which specify the calculation formula for the administrative measurements used for gauging the rational use of restricted-use oncology drugs, while not setting any numeric limits on the measurements. We currently do not experience or foresee any potential material adverse impact of the Administrative Measures or the Administrative Measurements on our business operations. However, as such administrative regulations are newly released and relevant measures are generally evolving, we cannot assure you if our business operations will be adversely affected in the future.

In addition, any administrative or court proceedings in the PRC may be protracted, resulting in substantial costs and diversion of resources and management's attention. Since the PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business, financial condition, results of operations and prospects.

We may be restricted from transferring our scientific data from China.

On March 17, 2018, the General Office of the State Council promulgated the Measures for the Management of Scientific Data (科學數據管理辦法), or the Scientific Data Measures, which provides a broad definition of scientific data and relevant rules for the management of scientific data. According to the Scientific Data Measures, if the provision of scientific data involving "state secrets" is required in foreign exchanges and cooperation, Chinese enterprises should clarify the type, scope and purpose of the data to be used, and report to the competent authority for approval in accordance with relevant procedures of confidentiality management regulations. When publishing a paper in a foreign academic journal requires the author to submit the relevant scientific date, the author should, prior to the publication, submit such scientific data to the belonged institution for unified management if such scientific data are generated with the government funding. Given the term "state secret" is not clearly defined, we cannot assure you that we can always obtain relevant approvals for sending scientific data, such as the results of our

preclinical studies or clinical trials conducted within the PRC, abroad or to our foreign partners in the PRC. If we are unable to obtain necessary approvals in a timely manner, or at all, our R&D of drug candidates may be hindered, which could materially and adversely affect our business, financial condition, results of operations and prospects. If the relevant government authorities consider the transmission of our scientific data to be in violation of the requirements under the Scientific Data Measures, we may be subject to rectification and other administrative penalties imposed by those government authorities.

Holders of H Shares may be subject to PRC income taxes.

Holders of H Shares, being non-PRC resident individuals or non-PRC resident enterprises, whose names appear on the register of members of H Shares of our Company, are subject to PRC income tax in accordance with the applicable tax laws and regulations, on dividends received from us and gains realized through the sale or transfer by other means of H shares by such shareholders.

According to the Individual Income Tax Law of the PRC and the Implementation Regulations for the Individual Income Tax Law of the PRC, both came into effect on January 1, 2019, the tax applicable to non-PRC resident individuals is proportionate at a rate of 20% for any dividends obtained from within China or gains on transfer of shares and shall be withheld and paid by the withholding agent. Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the "**Arrangements**") executed on August 21, 2006, the PRC Government may levy taxes on the dividends paid by PRC companies to Hong Kong residents in accordance with the PRC laws, but the levied tax (in the case the beneficial owner of the dividends are not companies directly holding at least 25% of the equity interest in the company paying the dividends) shall not exceed 10% of the total dividends.

According to the Enterprise Income Tax Law of the PRC, which was newly revised and implemented on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC, which was newly revised and implemented on April 23, 2019, if a non-resident enterprise has no presence or establishment within China, or if it has established a presence or establishment but the income obtained has no actual connection with such presence or establishment, it shall pay an enterprise income tax on its income derived from within China with a reduced rate of 10%. Pursuant to the Arrangements, dividends paid by PRC resident enterprises to Hong Kong residents can be taxed either in Hong Kong or in accordance with the PRC laws. However, if the beneficial owner of the dividends is a Hong Kong resident, the tax charged shall not exceed: (i) 5% of the total amount of dividends if the Hong Kong resident is a company that directly owns at least 25% of the capital of the PRC resident enterprise paying dividends; (ii) otherwise, 10% of the total amount of dividends.

Significant uncertainties remain regarding the interpretation and enforcement of applicable tax laws and regulations in the PRC by the PRC tax authorities, including whether and how income tax will be levied on non-PRC resident shareholders. Considering these uncertainties, non-PRC resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through sales or transfers by other means of the H Shares.

Governmental control of currency conversion, and restrictions on the remittance of Renminbi into and out of China, may adversely affect the value of your [REDACTED].

The PRC Government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. A substantial majority of our future revenue is expected to be denominated in Renminbi. Shortages in availability of foreign

currency may then restrict our ability to remit sufficient foreign currency to pay dividends, if any, to holders of our H Shares, or other payments, or otherwise satisfy our foreign currency denominated obligations.

Under China's current foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business. Approval from appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC Government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Since 2015, in response to China's declining foreign currency reserves, the PRC Government has placed increasingly stringent restrictions on the convertibility of the Renminbi into foreign currencies. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, there is no assurance that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of China.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in China against us or our management named in the documents based on Hong Kong or other foreign laws.

We are incorporated under the laws of China, and substantially all of our assets are located in China. In addition, a majority of our Directors, Supervisors and senior management personnel reside within the PRC, and substantially all of their assets are located within the PRC. Therefore, it may not be possible for **[REDACTED]** to effect service of process upon us or our Directors, Supervisors and senior management personnel in the PRC. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions.

On July 14, 2006, the Supreme People's Court of the PRC and the government of Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排), or the Arrangement, which was taken into effect on August 1, 2008. Pursuant to the Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a mainland court is expressly selected as the court having sole jurisdiction for the dispute.

On January 18, 2019, the Supreme People's Court and the Hong Kong SAR Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排), or the New Arrangement, which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong SAR and the mainland China. The New Arrangement does not include the requirement for a choice of court agreement in writing by the parties. The New Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People's Court and the

completion of the relevant legislative procedures in the Hong Kong SAR. The New Arrangement will, upon its effectiveness, supersedes the Arrangement. Therefore, before the New Arrangement becomes effective it may be difficult or impossible to enforce a judgment rendered by a Hong Kong court in China if the parties in the dispute do not agree to enter into a choice of court agreement in writing.

Furthermore, China does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the U.S., the United Kingdom, or most other western jurisdictions or Japan. Hence, the recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

RISKS RELATING TO THE [REDACTED]

No [REDACTED] currently exists for our H Shares, and an active [REDACTED] for our H Shares may not develop and the [REDACTED] for our H Shares may decline or become volatile.

No **[REDACTED]** currently exists for our H Shares. The initial **[REDACTED]** for our H Shares **[REDACTED]** will be the result of our negotiations with the **[REDACTED]** and the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) and the **[REDACTED]** may differ significantly from the **[REDACTED]** of the H Shares following the **[REDACTED]**. We have applied to the Stock Exchange for **[REDACTED]** of, and permission to **[REDACTED]**, our **[REDACTED]**. A **[REDACTED]** on the Stock Exchange, however, does not guarantee that an active and liquid **[REDACTED]** for our H Shares will develop, or if it does develop, that it will be sustained following the **[REDACTED]**, or that the **[REDACTED]** of the H Shares will not decline following the **[REDACTED]**.

The [REDACTED] and [REDACTED] of our H Shares may be volatile, which could lead to substantial losses to [REDACTED].

The **[REDACTED]** and **[REDACTED]** of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the **[REDACTED]** of the shares of other companies engaging in similar business may affect the **[REDACTED]** and **[REDACTED]** of our H Shares. In addition to market and industry factors, the **[REDACTED]** and **[REDACTED]** of our H Shares may be highly volatile for specific business reasons, including the following:

- the results of clinical trials of our drug candidates;
- the results of our applications for regulatory approvals of our drug candidates;
- regulatory developments affecting the pharmaceutical industry, healthcare, health insurance and other related matters;
- fluctuations in our revenue, earnings, cash flows, investments and expenditures;
- relationships with our suppliers;
- movements or activities of key personnel; and
- actions taken by competitors.

Moreover, shares of other companies **[REDACTED]** on the Stock Exchange with significant operations and assets in China have experienced **[REDACTED]** in the past, and it is possible that our H Shares may be subject to changes in **[REDACTED]** not directly related to our performance.

There will be a gap of several days between [REDACTED] and [REDACTED] of our H Shares, and the [REDACTED] of our H Shares when [REDACTED] begins could be lower than the [REDACTED].

The **[REDACTED]** to the public of our H Shares sold in the **[REDACTED]** is expected to be determined on the **[REDACTED]**. However, the H Shares will not commence **[REDACTED]** on the Stock Exchange until they are delivered, which is expected to be not more than five Business Days after the **[REDACTED]**. As a result, **[REDACTED]** may not be able to sell or otherwise **[REDACTED]** the H Shares during that period. Accordingly, Shareholders of our H Shares are subject to the risk that the **[REDACTED]** of the H Shares when **[REDACTED]** begins could be lower than the **[REDACTED]** as a result of adverse market conditions or other adverse developments that may occur between the time of **[REDACTED]** and the time trading begins.

Future [REDACTED] or perceived [REDACTED] of our H Shares in the [REDACTED] by major Shareholders following the [REDACTED] could materially and adversely affect the [REDACTED] of our H Shares.

Prior to the **[REDACTED]**, there has not been a **[REDACTED]** for our H Shares. Future **[REDACTED]** or **[REDACTED]** sales by our existing Shareholders of our H Shares after the **[REDACTED]** could result in a significant decrease in the prevailing **[REDACTED]** of our H Shares. Only a limited number of the H Shares currently outstanding will be available for **[REDACTED]** or **[REDACTED]** immediately after the **[REDACTED]** due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future **[REDACTED]** of significant amounts of our H Shares in the **[REDACTED]** or the perception that these **[REDACTED]** may occur could significantly decrease the prevailing **[REDACTED]** of our H Shares and our ability to raise **[REDACTED]** in the future.

Raising additional capital may cause dilution to our Shareholders, restrict our operations or require us to relinquish rights to our technologies or drug candidates.

We may finance our future cash needs through **[REDACTED]**, licensing arrangements or other collaborations, government funding arrangements, debt financings, or any combination thereof. In addition, we may seek additional capital due to favorable market conditions or strategic considerations even if we believe that we have sufficient funds for our current or future operating plans. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of our H Shares. The incurrence of additional indebtedness or the issuance of certain equity securities could result in increased fixed payment obligations and could also result in certain additional restrictive covenants, such as limitations on our ability to incur additional debt or **[REDACTED]** additional equity, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. In addition, issuance of additional equity securities, or the possibility of such issuance, may cause the **[REDACTED]** of our H Shares to decline.

[REDACTED] will experience immediate and substantial dilution as a result of the [REDACTED].

[REDACTED] will pay a **[REDACTED]** per H Share in the **[REDACTED]** that substantially exceeds the per H Share value of our tangible assets after subtracting our total liabilities as of December 31, 2022. Therefore, purchasers of our H Shares in the **[REDACTED]** will experience a substantial immediate dilution in **[REDACTED]** net tangible assets, and our existing Shareholders will receive an increase in the **[REDACTED]** adjusted net tangible assets per Share on their Shares. As a result, if we were to distribute our net tangible assets to the

Shareholders immediately following the **[REDACTED]**, **[REDACTED]** would receive less than the amount they paid for their H Shares. See "Appendix II — Unaudited **[REDACTED]** Financial Information."

Because we do not expect to pay dividends in the foreseeable future after the [REDACTED], you must rely on [REDACTED] appreciation of our H Shares for a return on your [REDACTED].

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

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

We cannot make fundamental changes to our business without the consent of the Stock Exchange.

On April 30, 2018, the Hong Kong Stock Exchange adopted rules under Chapter 18A of its Rules Governing the Listing of Securities on the Stock Exchange. Under these rules, without the prior consent of the Stock Exchange, we will not be able to effect any acquisition, disposal or other transaction or arrangement or a series of acquisitions, disposals or other transactions or arrangements, which would result in a fundamental change in our principal business activities as set forth in this document. As a result, we may be unable to take advantage of certain strategic transactions that we might otherwise choose to pursue in the absence of Chapter 18A. Were any of our competitors that are not **[REDACTED]** on the Stock Exchange to take advantage of such opportunities in our place, we may be placed at a competitive disadvantage, which could have a material adverse effect on our business, financial condition and results of operations.

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

Facts, forecasts and statistics in this document relating to the pharmaceutical industry in and outside China are obtained from various sources, including information provided or published by government agencies, and we can guarantee neither the quality nor reliability of such source materials. We believe that the information originated from appropriate sources and was extracted and reproduced after taking reasonable care. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, neither we, the **[REDACTED]**, the **[REDACTED]** nor our or their respective affiliates or advisors have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and factual information and other problems, the statistics in this document relating to the pharmaceutical industry in and outside China may be inaccurate, and you should not place undue reliance on it. We make no representation as to the

accuracy of such facts, forecasts and statistics obtained from various sources. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon.

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

Subsequent to the date of this document but prior to the completion of the **[REDACTED]**, there may be press and media coverage regarding us and the **[REDACTED]**, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the **[REDACTED]**. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective **[REDACTED]** are cautioned to make their **[REDACTED]** decisions on the basis of the information contained in this document only and should not rely on any other information.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

In preparation for the **[REDACTED]**, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, the new applicant's arrangements for maintaining regular communication with the Stock Exchange, including but not limited to compliance by the new applicant with Rules 19A.05 to 19A.07 of the Listing Rules.

Our Company's management, business operations and assets are primarily located outside Hong Kong. The principal management headquarters of our Company are primarily based in the PRC. Our Company considers that our Group's management is best able to attend to its functions by being based in the PRC. Except for Ms. Song Ziyi (宋子一) ("**Ms. Song**"), our chief financial officer and executive Director, who is a Hong Kong resident, the executive Directors of our Company are not or will not be ordinarily resident in Hong Kong upon the **[REDACTED]** of our Company. Our Directors consider that relocation of the executive Directors to Hong Kong will be burdensome and costly for our Company, and it may not be in the best interests of our Company and Shareholders as a whole to appoint one additional executive Director who is ordinarily resident in Hong Kong. As such, our Company does not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules.

Our Directors consider that the appointment of one additional executive Director who will be ordinarily resident in Hong Kong would not only increase the administrative expenses of our Group, but also reduce the effectiveness and responsiveness of our Board in making decisions for our Group, especially when business decisions are required to be made on a timely basis. In addition, appointing new executive Director who may not be familiar with the operations of our Group to our Board for the sole purpose of satisfying the requirements under Rule 8.12 of the Listing Rules would not be beneficial to, or appropriate for our Company and therefore would not be in the best interests of our Company and Shareholders as a whole.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules subject to the following conditions:

(a) We have appointed Ms. Song and Mr. Li Kin Wai (李健威) as our authorized representatives (the "**Authorized Representatives**") pursuant to Rules 3.05 and 19A.07 of the Listing Rules. The Authorized Representatives will act as our Company's principal channel of communication with the Stock Exchange. The Authorized Representatives will be readily contactable by phone, facsimile and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange. In addition, as a Hong Kong resident, Ms. Song is capable of traveling to Hong Kong as required by the Stock Exchange;

(b) When the Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) and senior management team promptly at all times. Our Company will also inform the Stock Exchange promptly in

respect of any changes in the Authorized Representatives. We have provided the Stock Exchange with the contact details (i.e. mobile phone number, office phone number and email address) of all Directors to facilitate communication with the Stock Exchange;

(c) All Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon request of the Stock Exchange;

(d) We have appointed Rainbow Capital (HK) Limited as our compliance advisor (the "**Compliance Advisor**") upon the **[REDACTED]** pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the **[REDACTED]** and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the **[REDACTED]**. The Compliance Advisor will have access at all times to our Authorized Representatives, our Directors and our senior management as prescribed by Rule 19A.05(2) of the Listing Rules, who will act as the additional channel of communication with the Stock Exchange when the Authorized Representatives are not available; and

(e) We have provided the Stock Exchange with the names, mobile phone numbers, office phone numbers, fax numbers and email addresses of at least two of the Compliance Advisor's officers who will act as our Compliance Advisor's contact persons between the Stock Exchange and our Company pursuant to Rule 19A.06(4) of the Listing Rules.

WAIVER IN RELATION TO APPOINTMENT OF JOINT COMPANY SECRETARIES

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

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

(a) a member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries);

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

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

Note 2 to Rule 3.28 of the Listing Rules further sets out the factors that the Stock Exchange will consider in assessing an individual's "relevant experience":

(a) length of employment with the **[REDACTED]** and other **[REDACTED]** and the roles he or she played;

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

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

(d) professional qualifications in other jurisdictions.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Our Company considers that while it is important for the company secretary to be familiar with the relevant securities regulations in Hong Kong, he/she also needs to have experience relevant to our Company's operations, a nexus to our Board and a close working relationship with the management of our Company in order to perform the function of a company secretary and to take the necessary actions in the most effective and efficient manner. It is for the benefit of our Company to appoint a person who has been a member of the senior management for a period of time and is familiar with our Company's business and affairs as company secretary.

We have appointed Ms. Guan Mei (關梅) (our secretary of the Board) ("**Ms. Guan**") and Mr. Li Kin Wai (李健威) ("**Mr. Li**") as our joint company secretaries. Mr. Li is a Chartered Secretary, Chartered Governance Professional and a fellow member of both The Hong Kong Chartered Governance Institute (formerly known as "The Hong Kong Institute of Chartered Secretaries") and The Chartered Governance Institute (formerly known as "The Institute of Chartered Secretaries and Administrators") in the United Kingdom and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules. Ms. Guan, however, does not possess the qualifications set out in Rule 3.28 of the Listing Rules. We believe that Ms. Guan, by virtue of her knowledge and experience in handling financing activities, internal control and securities and **[REDACTED]** matters of the Group, is capable of discharging her functions as a joint company secretary. We therefore believe that it would be in the best interests of our Company to appoint Ms. Guan as a joint company secretary. For the biographical information of Ms. Guan and Mr. Li, see "Directors, Supervisors and Senior Management."

We have therefore applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 8.17 and 3.28 of the Listing Rules on the conditions that: (i) Mr. Li is appointed as a joint company secretary to assist Ms. Guan in discharging her functions as our joint company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules; and (ii) the waiver will be revoked immediately if Mr. Li, during the three-year period, ceases to provide assistance to Ms. Guan as our joint company secretary or if there are material breaches of the Listing Rules by our Company. We expect that Ms. Guan will acquire the qualifications or relevant experience required under Rule 3.28 of the Listing Rules prior to the end of the three-year period after the **[REDACTED]**. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Ms. Guan, having had the benefit of Mr. Li's assistance for three years, will have acquired the skills necessary to carry out the duties of a company secretary and relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

In addition, Ms. Guan will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the **[REDACTED]**. Our Company will further ensure that Ms. Guan has access to the relevant training and support that would enhance her understanding of the Listing Rules and the duties of a company secretary of a company **[REDACTED]** on the Stock Exchange.

Further, our Company has appointed Rainbow Capital (HK) Limited as our Compliance Advisor under Rule 3A.19 of the Listing Rules for a period commencing on the **[REDACTED]** and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year to provide the Company with professional advice on continuing obligations under the Listing Rules and to act as an additional channel of communication with the Stock Exchange. Ms. Guan will have access to the Compliance Adviser during the term of appointment, which will provide Ms. Guan an additional source of guidance to assist her to become more familiar with the functions of a company secretary of a company **[REDACTED]** on the Stock Exchange.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

EXEMPTION FROM COMPLIANCE WITH SECTION 342(1) OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE AND PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

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

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

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

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

Rule 4.04(1) of the Listing Rules requires that the consolidated results of an issuer and its subsidiaries in respect of each of the three financial years immediately preceding the issue of the **[REDACTED]** or such shorter period as may be acceptable to the Stock Exchange be included in the accountants' report to the document.

Rule 18A.03(3) of the Listing Rules requires that an eligible biotech company must have been in operation in its current line of business for at least two financial years prior to **[REDACTED]** under substantially the same management. Rule 18A.06 of the Listing Rules requires that an eligible biotech company must comply with Rule 4.04 of the Listing Rules modified so that references to "three financial years" or "three years" in Rule 4.04 shall instead reference to "two financial years" or "two years," as the case may be. Further, pursuant to Rule 8.06 of the Listing Rules, the latest financial period reported on by the reporting accountants for a new applicant must not have ended more than six months from the date of the **[REDACTED]**.

Further, pursuant to Rule 8.06 of the Listing Rules, the latest financial period reported on by the reporting accountants for a new applicant must not have ended more than six months from the date of the **[REDACTED]**.

In compliance with the abovementioned requirements under the Listing Rules, the Accountants' Report set out in Appendix I to this document is prepared to cover the years ended December 31, 2021 and 2022.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

As such, we have applied to the SFC for, and the SFC [has granted], a certificate of exemption from strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance regarding the inclusion of the accountants' report covering the full three financial years immediately preceding the **[REDACTED]** of this document on the following grounds:

(a) our Company is a science-driven biotechnology company dedicated to the development of next-generation immuno-oncology therapies, and falls within the scope of a biotech company as defined under Chapter 18A of the Listing Rules. Our Company will fulfill the additional conditions for **[REDACTED]** required under Chapter 18A of the Listing Rules;

(b) the Accountants' Report for each of the years ended December 31, 2021 and 2022 has been prepared and is set out in Appendix I to this document in accordance with Rule 18A.06 of the Listing Rules;

(c) given that our Company is only required to disclose our financial results for the years ended December 31, 2021 and 2022 in accordance with Chapter 18A of the Listing Rules and Guidance Letter HKEX-GL56-13 issued by the Stock Exchange and preparation of the financial results for the year ended December 31, 2020 would require additional work to be performed by our Company and the reporting accountant of our Company, strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome for our Company;

(d) notwithstanding that the financial results set out in this document are only for the years ended December 31, 2021 and 2022 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this document pursuant to the relevant requirements; and

(e) the Accountants' Report covering the years ended December 31, 2021 and 2022 as set out in Appendix I to this document, together with other disclosures in this document, have already provided the **[REDACTED]** with adequate and reasonable up-to-date information in the circumstances to form a view on the track record of our Company, and that all information which is necessary for the **[REDACTED]** to make an informed assessment of the business, assets and liabilities, financial position, management and prospects has been included in this document. Therefore, the exemption would not prejudice the interest of the **[REDACTED]**.

The SFC [has granted] a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the condition that particulars of the exemption are set out in this document and this document will be issued on or before **[REDACTED]**.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. Tian Wenzhi (田文志)	Room 403, No. 3, Lane 825 Chenhui Road Pudong New Area Shanghai PRC	Chinese
Mr. Li Song (李松)	Room 602, No. 14, Lane 38 Kangjia Road Kangqiao Town Pudong New Area Shanghai PRC	Chinese
Ms. Song Ziyi (宋子一)	Flat A, 9/F, Ocean Sky Mansion Cullinan West 28 Sham Mong Road Kowloon Hong Kong	Chinese (Hong Kong)
Non-executive Directors		
Dr. Xu Cong (徐聰)	Room 1003, No. 7, Lane 688 Huangjincheng Road Changning District Shanghai PRC	Chinese
Mr. Yu Zhihua (余治華)	No. 502, Unit 2, Building 1 Dinghui Xili Haidian District Beijing PRC	Chinese
Mr. Yu Xiaoyong (于曉勇)	Room 502, No. 4, Lane 439 Huanlong Road Pudong New Area Shanghai PRC	Chinese
Independent Non-executive Directors		
Dr. Zhenping Zhu	No. 54, Lane 78 Hongxiu Road Minhang District Shanghai PRC	American
Dr. Kendall A. Smith	618 Owl Way Sarasota Florida 34236 United States	American

Name	Address	Nationality
Mr. Yeung Chi Tat (楊志達)	Unit E, 60/F, Tower 3, Vision City 1 Yeung Uk Road Tsuen Wan Hong Kong	Chinese (Hong Kong)

SUPERVISORS

Name	Address	Nationality
Mr. Gu Jiefeng (顧傑鋒)	Room 1001, Building 54, Lane 1065 Gulong Road Minhang District Shanghai PRC	Chinese
Ms. Tian Miao (田苗)	Room 602, No. 26, Lane 625 Xuanzhen East Road Xuanqiao Town Pudong New Area Shanghai PRC	Chinese
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For more details on our Directors and Supervisors, see "Directors, Supervisors and Senior Management."

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CORPORATE INFORMATION

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Dr. Tian Wenzhi (田文志)
Dr. Xu Cong (徐聰)
Dr. Kendall A. Smith
Mr. Yeung Chi Tat (楊志達)

Nomination Committee

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Certain information and statistics set out in this section have been extracted from various official government publications, available sources from **[REDACTED]** *data providers and an independent third party source, Frost & Sullivan. The report prepared by Frost & Sullivan and cited in this document was commissioned by us. The information from official government sources has not been independently verified by our Company, the Joint Sponsors, the* **[REDACTED]**, *the* **[REDACTED]**, *the* **[REDACTED]**, *the* **[REDACTED]**, *the* **[REDACTED]**, *any of the* **[REDACTED]**, *any of our or their respective directors, officers, employees, agents or advisers or any other person or party involved in the* **[REDACTED]**, *and no representation is given as to its accuracy, fairness and completeness. For discussion of the risks relating to our industry, see "Risk Factors" in this document.*

SOURCE OF INFORMATION

We engaged Frost & Sullivan, a market research consultant, to prepare the Frost & Sullivan Report for use in this document. Frost & Sullivan, founded in 1961, provides market research on a variety of industries. The information from Frost & Sullivan disclosed in this document is extracted from the Frost & Sullivan Report and is disclosed with the consent of Frost & Sullivan. In preparing the Frost & Sullivan Report, Frost & Sullivan collected and reviewed publicly available data such as government-derived information, annual reports, trade and medical journals, industry reports and other available information gathered by not-for-profit organizations. Frost & Sullivan adopts a comprehensive data collection model, which includes primary research with industry stakeholders, secondary research on government statistics, industry reports and annual reports of listed companies, and data validation processes with industry key opinion leaders. Frost & Sullivan assumes that interviewees are not intentionally providing wrong or misleading information and that government statistics do not contain errors. Frost & Sullivan also assumes that no unexpected events such as wars or disasters occur during the relevant forecasting period.

Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are reasonable. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. We agreed to pay Frost & Sullivan a fee of RMB700,000 for the preparation and update of the Frost & Sullivan Report, which is not contingent on the **[REDACTED]** proceeding.

OVERVIEW OF IMMUNO-ONCOLOGY MARKET

Immuno-oncology has emerged as a revolutionary class of cancer treatment that aims to eradicate cancer cells through the stimulation and activation of patients' own immune systems. Major types of immuno-oncology therapy include immune checkpoint inhibitors, cell therapies, and therapeutic cancer vaccines. Immune checkpoint inhibitors, in particular, have been one of the most successful cancer therapies in the past decade, demonstrated by the unprecedented indication and market expansion of PD-1/PD-L1 inhibitors since their first approval in 2014. So far, PD-1/PD-L1 inhibitors have been approved for the treatment of a broad range of cancers worldwide, and their global sales reached US$34.4 billion in 2021.

Currently approved immuno-oncology therapies primarily focus on the stimulation of adaptive immune responses through T-cell activation. However, those T-cell based immunotherapies face certain limitations. PD-1/PD-L1 inhibitors, for example, only produce meaningful responses in 10% to 25% of patients across almost all major cancer indications when used as monotherapy. The response rates to immunotherapies targeting adaptive immune checkpoints are particularly low in "cold tumors" (tumors that lack T-cell infiltration), or in a non-T cell-inflamed immune-suppressive tumor microenvironment (TME), suggesting an urgent need for next-generation immunotherapies to improve treatment outcomes. Recent studies have revealed that the limitations of current immunotherapies could be overcome by leveraging the

power of innate immunity and the synergistic effects between the innate and adaptive immunities. To date there has not been any approved innate immune checkpoint-targeted therapy worldwide, indicating a vast untapped global market.

Overview of Innate and Adaptive Immune Systems

Generally, the human immune system can be divided into the innate immune system and the adaptive immune system. The innate immune system forms the body's first line of defense, identifies foreign substances and elicits an immediate and non-specific immune response. Major innate immune cells include macrophages, natural killer (NK) cells and dendritic cells (DCs). The adaptive immune system, including T cells and B cells, functions as the second line of defense that identifies and eliminates abnormal cells with specificity. The table below sets forth a comparison between critical adaptive and innate immune cells in the TME:

	Adaptive Immunity		Innate Immunity		
Activation Process	Antigen priming required		First line of defense, short response time, no need for antigen priming		
Key Immune Cell Type	T cell	B cell	Macrophage	NK cell	DC
Tumor Tissue Distribution[(1)]	10-30%	3%-40%	20-50%	5%-10%	3%-10%
Major Immune Checkpoints	PD-1/PD-L1, CTLA-4, LAG-3, TIM-3, TIGIT	CD40/CD40L, CD19, CD22	CD47/SIRPα, CD24/Siglec-10, PSGL-1, EP4	KIR family, CD94-NKG2A, CD24/Siglec-10, TIGIT, EP4	PD-1/PD-L1, CD47/SIRPα, EP4
Major Immune Functions	• T-cell mediated killing of tumor cell via exocytosis of cytotoxic granules (perforin, granzymes) and secretion of antitumor cytokines	• Antibody production • Cytokine secretion	• Macrophage-mediated phagocytosis • Attracting T cells to the tumor microenvironment (TME) • Antigen presentation • Trogocytosis	• NK cell-mediated cytolysis via the secretion of perforin and granzymes • Activating of T cells, macrophages and DCs through release of cytokines	• Attracting T cells to the TME • Antigen presentation

Note: The tumor tissue distribution is the proportion of certain immune cells in different tumor tissues.
Source: *Frost & Sullivan*

Compared with adaptive immune cells, innate immune cells are more extensively distributed in tumor tissues. In addition to providing the first-line defense, innate immune cells play a critical role in promoting the adaptive immune responses, thereby generating a more integrated and enhanced immune response. For instance, activated macrophages and DCs secrete cytokines and chemokines, such as CXCL9 and CXCL10, which can recruit T cells to the TME, thus transforming "cold tumors" to "hot tumors" (tumors infiltrated by T cells and responsive to immunotherapy). Macrophages and DCs may further promote T-cell response through antigen presentation. Activated NK cells can enhance T-cell response by promoting T-cell differentiation and activation. Thus, the combination of therapies targeting innate immune checkpoints and therapies activating adaptive immunity has significant potential in overcoming the limitations faced by currently approved immunotherapies.

Overview and Limitations of Current Immuno-oncology Therapies

Currently approved immuno-oncology therapies primarily target T-cell immune checkpoints, such as PD-1/PD-L1, CTLA-4, and LAG-3. Although T-cell immune checkpoint inhibitors, such as PD-1/PD-L1 antibodies, are widely used in the clinic (including in the frontline treatment), their response rates remain low across almost all major cancer indications as shown in the table below.

Tumor Response Rate to PD-1/PD-L1 Inhibitor Monotherapy

	NSCLC	SCLC	CRC	GC	HNSCC	HCC	ESCC	BTC	RCC	OC	CC	UC	STS	DLBCL
PD-1	19-20%	12-19%	<10%	13-14%	13-16%	16-17%	19-20%	3-22%	22%	8-15%	14%	20-29%	5-18%	45%
PD-L1	14%	2-10%						5%		10%		13-24%		

Notes: (1) The response rates are based on the latest label from FDA and NMPA except for CRC, GC, SCLC, OC, BTC and STS, which are based on the published clinical results. (2) Only monotherapy clinical results are listed. (3) Results of adjuvant therapy are excluded. Results may vary from different cancer sub-types or clinical trials. (4) The clinical results listed are from general cancer population regardless of PD-L1 expression, except for the ORR of CC, which is restricted in PD-L1 positive population (combined positive score (CPS)≥1).

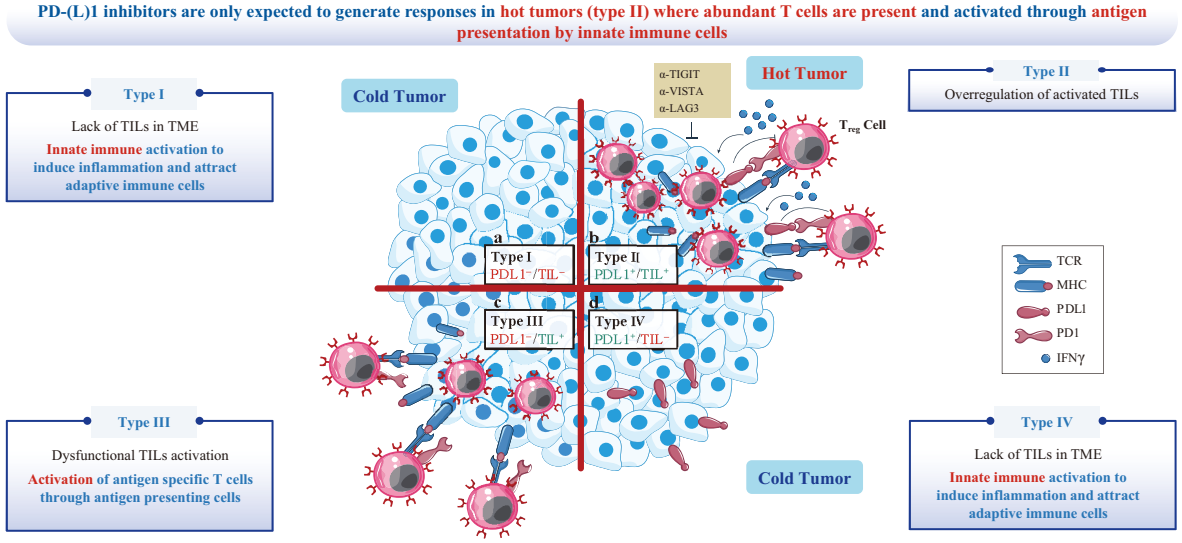
Definitions: NSCLC refers to non-small cell lung cancer; SCLC refers to small cell lung cancer; CRC refers to colorectal cancer; GC refers to gastric cancer; HNSCC refers to head and neck squamous cell carcinoma; HCC refers to hepatocellular carcinoma; ESCC refers to esophageal squamous cell carcinoma; BTC refers to biliary tract cancer; RCC refers to renal cell carcinoma; OC refers to ovarian cancer; CC refers to cervical cancer; UC refers to urothelial carcinoma; STS refers to soft-tissue sarcomas; DLBCL refers to diffuse large B-cell lymphoma.

Source: Frost & Sullivan

Other T-cell immunotherapies also face challenges in terms of safety and efficacy. Though treatment with chimeric antigen receptor (CAR)-T therapy produces remarkable and durable responses in some subsets of B-cell leukemia, lymphoma and multiple myeloma (MM), certain limitations still exist, including life-threatening cytokine release syndrome (CRS) and neurotoxicity, exceptionally high cost, and less desirable efficacy targeting solid tumors. Similarly, T-cell engagers, exemplified by CD3-based bispecific antibodies, also present worrying safety concerns, including severe CRS and "on-target, off-tumor" toxicity in healthy tissues. Up to date, intolerable toxicity of CAR-T therapy and CD3 bispecific antibodies have resulted in the termination or suspension of multiple clinical studies for numerous drug candidates worldwide, including Atara's ATA2271 (autologous mesothelin CAR-T), Amgen's AMG673 (CD3×CD33), AMG427 (CD3×FLT3) and AMG701 (CD3×BCMA), Regeneron's odronextamab (CD3×CD20), and Pfizer's elranatamab (CD3×BCMA). According to Frost & Sullivan, for the treatment of solid tumors, only one T-cell engager is currently being marketed, that is tebentafusp approved for the treatment of uveal melanoma (a rare disease), and there has been no CAR-T therapy approved for solid tumors anywhere in the world.

In recent years, research findings have highlighted the potential of innate immunity-targeted approach to overcome the limitations of T-cell based immunotherapies. Innate immune cells are widely distributed in tumor tissues, and once activated, they can directly combat cancer cells and elicit adaptive immune responses through crosstalk with T cells. For example, as detailed in "— Overview of Innate and Adaptive Immune Systems" above, macrophages can be activated by macrophage-targeted immunotherapies and further induce potent adaptive immunity. Since macrophages as a major type of antigen-presenting cell can release cytokines and chemokines to attract T cells, the activation of macrophages should enhance the abundance of T cells in the TME, turning "cold tumors" into "hot tumors." Other critical innate immune cells like NK cells and DCs can also promote T-cell immune responses through various mechanisms. The synergistic effects achieved by harnessing both innate and adaptive immunities shall maximize the effectiveness of immunotherapies and potentially achieve potent antitumor activity in "cold tumors."

The Responses of Hot Tumor and Different Types of Cold Tumors to PD-1/PD-L1 Inhibitors



Source: Frost & Sullivan, Literature Review

In addition, innate immunity-targeted molecules, if well-designed, could be safe and well tolerated in humans. Overall, novel drug candidates targeting innate immune checkpoints promise great clinical potential as the next-generation immunotherapies and are expected to capture considerable market opportunities.

Global and China Immuno-oncology Therapy Market

Due to continued indication expansion, diverse combination strategies, and the emergence of new immunotherapeutic approaches, especially the development of immunotherapies targeting innate immune checkpoints, the addressable patient population and market size of immuno-oncology therapies are expected to rapidly increase in the near future.

Immuno-oncology therapies can bring clinical benefits to an increasing number of patients across almost all major cancer types around the world. The following tables provide the global and China's incidences of major cancer types for the periods indicated, respectively:

Global Incidence of Major Cancer Types, 2017–2035E

Thousands

	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Breast	2,045	2,089	2,134	2,261	2,301	2,342	2,383	2,425	2,467	2,506	2,545	2,585	2,625	2,666	2,703	2,740	2,778	2,816	2,854
Lung	2,037	2,094	2,153	2,207	2,266	2,327	2,389	2,453	2,519	2,582	2,646	2,712	2,779	2,848	2,912	2,977	3,044	3,113	3,183
Colorectum	1,754	1,801	1,849	1,881	1,928	1,977	2,026	2,077	2,130	2,180	2,232	2,285	2,340	2,395	2,448	2,502	2,557	2,614	2,672
Stomach	1,007	1,034	1,061	1,089	1,121	1,153	1,186	1,220	1,256	1,290	1,325	1,361	1,397	1,435	1,471	1,508	1,546	1,584	1,624
Head and Neck	867	888	909	932	952	972	993	1,014	1,036	1,055	1,076	1,096	1,117	1,139	1,158	1,177	1,197	1,217	1,237
Liver	820	841	862	906	930	954	979	1,005	1,032	1,057	1,083	1,110	1,137	1,165	1,191	1,218	1,245	1,273	1,302
Lymphoma	577	590	603	627	640	653	667	680	694	708	722	736	750	765	778	792	807	821	836
Cervical	560	570	580	604	616	628	640	653	666	678	690	702	715	727	739	751	763	776	788
Esophagus	557	572	588	604	622	639	658	677	696	715	734	753	773	794	813	832	852	872	893
Bladder	535	549	565	573	588	603	619	635	651	667	684	701	718	736	753	770	788	806	825
Leukaemia	429	437	446	475	483	491	500	508	517	525	534	543	552	561	569	578	587	596	605
Kidney	393	403	413	431	440	448	457	466	475	484	493	502	511	520	529	537	546	555	564
BTC	334	345	356	368	380	393	406	419	433	447	461	476	491	506	520	536	551	567	583
Ovary	289	295	302	314	320	326	332	338	344	350	356	362	368	374	380	385	391	397	403
MDS/CMML	268	274	280	286	292	298	304	311	317	324	331	338	345	351	359	366	373	380	387
STS	167	172	177	185	191	196	201	207	213	219	224	230	236	243	248	254	260	266	272
Others	5,003	5,126	5,252	5,549	5,669	5,792	5,916	6,043	6,172	6,297	6,424	6,553	6,685	6,820	6,949	7,079	7,212	7,348	7,486
Total	17,640	18,079	18,529	19,293	19,737	20,191	20,656	21,132	21,618	22,083	22,558	23,043	23,538	24,044	24,519	25,004	25,497	26,001	26,515

Definitions: BTC refers to biliary tract cancer; MDS refers to myelodysplastic syndrome; CMML refers to chronic myelomonocytic leukemia; STS refers to soft-tissue sarcomas
Source: Globocan, IARC, Frost & Sullivan analysis

China's Incidence of Major Cancer Types, 2017–2035E

Thousands

	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Lung	840	868	895	924	954	985	1,016	1,049	1,083	1,113	1,144	1,177	1,210	1,244	1,273	1,303	1,334	1,365	1,397
Stomach	429	442	456	470	484	499	514	529	546	560	575	590	606	622	636	650	664	679	694
Colorectum	414	427	440	453	468	482	497	513	529	544	559	574	590	606	621	635	650	665	681
Liver	390	400	410	421	431	442	453	464	475	485	495	506	516	527	536	545	554	564	573
Breast	315	321	326	332	336	341	346	351	356	359	362	366	369	372	374	376	378	380	382
Esophagus	263	272	280	290	299	309	319	329	339	349	359	368	379	389	398	407	416	425	435
Head and neck	134	137	140	143	146	149	152	155	157	160	162	165	167	170	172	174	176	178	179
BTC	132	136	141	145	150	155	160	165	171	176	181	186	192	198	203	208	213	219	224
Cervical	114	116	117	118	119	120	121	122	123	124	124	125	125	126	126	126	126	126	127
Lymphoma	91	93	95	100	102	105	107	110	112	115	117	120	122	125	127	130	132	134	137
Leukaemia	81	83	84	85	87	88	90	91	92	94	95	96	98	99	100	101	103	104	105
Bladder	80	82	85	86	89	92	95	98	101	104	107	111	114	118	121	124	127	131	134
Kidney	69	70	72	74	75	77	79	81	83	85	87	88	90	92	94	95	97	99	100
Ovary	52	53	54	55	56	57	58	59	60	60	61	61	62	63	63	64	64	64	65
STS	40	41	43	45	46	47	49	50	52	53	55	56	58	60	61	63	64	66	67
MDS/CMML	22	22	22	23	23	23	24	24	25	25	26	26	26	27	27	28	28	29	29
Others	707	722	739	806	823	840	857	875	892	908	925	941	958	974	989	1,004	1,019	1,034	1,050
Total	4,172	4,285	4,400	4,569	4,688	4,810	4,935	5,064	5,196	5,313	5,434	5,557	5,683	5,812	5,921	6,032	6,145	6,261	6,378

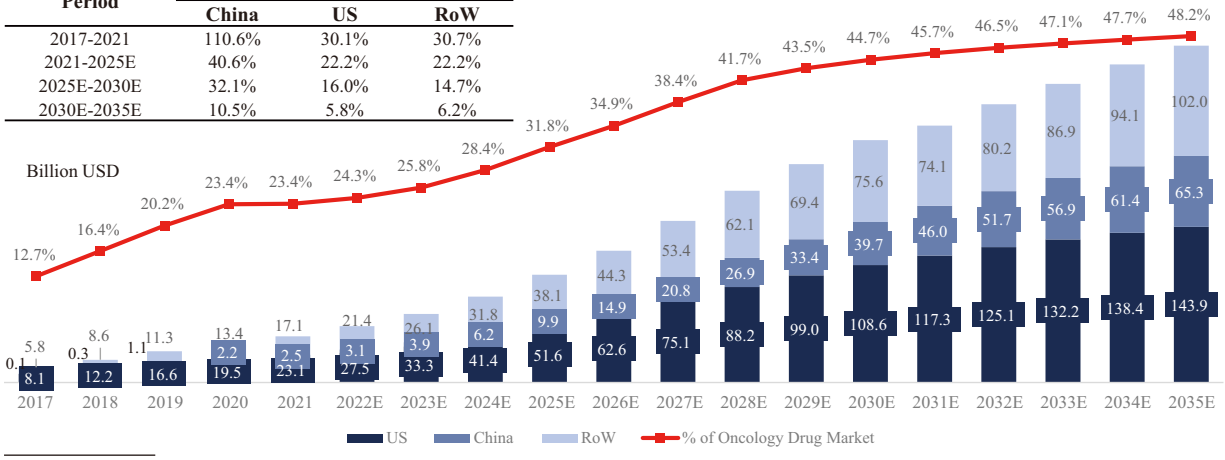
Definitions: *BTC refers to biliary tract cancer; MDS refers to myelodysplastic syndrome; CMML refers to chronic myelomonocytic leukemia; STS refers to soft-tissue sarcomas*
Source: *NCCR, Frost & Sullivan analysis*

According to Frost & Sullivan, the global market size of immuno-oncology therapy reached US$42.6 billion in 2021, and it is expected to continue to grow rapidly in the foreseeable future, driven by the increasing cancer incidence, longer patients' survival and duration of treatment, and the development of immunotherapies. In 2035, the global immuno-oncology therapy market is projected to reach US$311.2 billion, accounting for over 48% of the total global oncology market. Benefiting from continuous launches of new drugs and improved patient affordability, China's immuno-oncology therapy market grew, and is expected to further grow at a faster pace than that of the global and the U.S. market.

The following diagram sets forth the historical and projected immuno-oncology therapy market size globally, in the U.S. and China, and the global market share of immuno-oncology therapy as a percentage of the global oncology market for the periods indicated:

Immuno-Oncology Therapy Market Globally, in the U.S. and in China, 2017–2035E

Period	CAGR		
	China	US	RoW
2017-2021	110.6%	30.1%	30.7%
2021-2025E	40.6%	22.2%	22.2%
2025E-2030E	32.1%	16.0%	14.7%
2030E-2035E	10.5%	5.8%	6.2%



Note: RoW refers to all countries and regions in the world except the U.S. and China.
Source: *Frost & Sullivan*

Growth drivers and future trends of global and China's immuno-oncology therapy market

According to Frost & Sullivan, the growth drivers and future trends of immuno-oncology therapy market globally and in China include the following:

Increasing addressable patient population and unmet medical needs

The incidence of cancer has steadily increased both globally and in China, and it is expected to continuously grow due to increasing lifespan, aging of population, modern sedentary lifestyle, and obesity. The increasing incidence rate combined with improving healthcare access and affordability, and the growing demand for effective cancer treatments will fundamentally drive the continued growth of immuno-oncology therapy market. Furthermore, currently approved immuno-oncology therapies often encounter low response rates, high recurrence rates and other limitations, leaving significant unmet needs for innovative immunotherapies to further improve treatment outcomes.

Emerging innate immune targets

The remarkable historical growth of immuno-oncology market was largely contributed by drug development efforts around several key T cell immune checkpoints, including PD-1/PD-L1, CTLA-4 and LAG-3. In recent years, breakthroughs in scientific research have identified promising innate immune checkpoints as the next-generation immunotherapeutic targets, such as CD47/SIRPα, CD24/Siglec-10, CD94-NKG2A/KIR family, PSGL-1, EP4, and TREM2. Mounting research has revealed the potential of novel innate immune checkpoint-based therapies in treating a broad spectrum of cancer indications. The development and clinical application of immunotherapies targeting the emerging innate immune checkpoints, in addition to adaptive immune targets, will further improve clinical benefits for patients and continue to drive the growth of the immuno-oncology market.

Development of bispecific molecules and combinations to maximize therapeutic benefits

Clinical evidence suggests that synergistic combination and bispecific strategies enabling the dual activation of innate and adaptive immune systems, as well as combination of immunotherapies with other treatments, could induce enhanced tumor-killing effects and improve clinical outcomes, presenting a tremendous market potential. Currently there are four marketed bispecific molecules for cancer treatment globally, including LUNSUMIO® (mosunetuzumab, CD20×CD3), KIMMTRAK® (tebentafusp, gp100×CD3), RYBREVANT® (amivantamab, EGFR×c-MET), and BLINCYTO® (blinatumomab, CD19×CD3). Meanwhile, numerous bispecific molecules are under clinical development for cancer treatment, such as bispecific molecules targeting CD3/BCMA, LAG-3/PD-(L)1, VEGF/PD-(L)1, CTLA-4/PD-(L)1, CD47/PD-(L)1, CD47/CD20, CD47/CD19, and CD47/HER2, representing the future trend of immuno-oncology therapies.

Synergistic combination modalities, especially those enabling the activation of both immune systems and those combining immunotherapies with targeted therapies, have shown a high potential to improve clinical outcome for therapeutic benefits in cancer patients. To date, multiple combination therapies of PD-1/PD-L1 inhibitors and targeted therapies have been approved for the treatment of numerous cancer indications in first- and/or later-line settings. For instance, the combination of TECENTRIQ® (atezolizumab) and AVASTIN® (bevacizumab) has been approved for the first-line treatment of NSCLC and HCC, the combination of KEYTRUDA® (pembrolizumab) with AVASTIN® (bevacizumab) has been approved for recurrent or metastatic CC, and the combination of TYVYT® (sintilimab) and BYVASDA® (bevacizumab biosimilar) has been approved for the first-line treatment of HCC. These new modalities and strategies allow immunotherapies to explore unprecedented therapeutic applications in the oncology space, thereby addressing the unfulfilled needs of a huge market.

Indication expansion and advancement of treatment line of immuno-oncology therapies

The development of immunotherapies in previously untapped indications benefits a growing patient population. PD-1/PD-L1 inhibitors, for instance, were initially approved for the treatment of melanoma in 2014 and have now been approved for use in a wide range of cancers, such as NSCLC, HNSCC, HCC, RCC, UC and Hodgkin lymphoma (HL). In addition, immuno-oncology therapies initially approved for second- or later-line treatments have been gradually advanced towards first-line treatment. For example, pembrolizumab was first approved in 2015 for the treatment of metastatic NSCLC patients with ≥1% tumor cells expressing PD-L1 who relapsed or progressed after chemotherapy, and its combination with chemotherapy was later approved in 2018 for the first-line treatment of metastatic NSCLC regardless of PD-L1 expression levels. Clinical use of immunotherapy in the frontline treatment can significantly increase its addressable patient population and treatment duration, thus further driving the immunotherapy market size.

PROMISING IMMUNOTHERAPIES TARGETING INNATE IMMUNE CHECKPOINTS

Immunotherapies targeting innate immune checkpoints have demonstrated the potential to have broad-spectrum clinical applications and address the limitations of currently approved immunotherapies that target adaptive immunity. By activating innate immune responses and orchestrating the synergistic effects between innate and adaptive immune systems, immunotherapies targeting innate immune checkpoints can induce and drive potent and long-lasting wholistic immune responses against hematologic and solid tumors. To date, a few key innate immune checkpoints have been studied, including CD47/SIRPα, CD24/Siglec-10, CD94-NKG2A/KIR family, PSGL-1, EP4, and TREM2, so far there has not been any approved innate immune checkpoint-targeted therapy worldwide, indicating a vast untapped global market.

Overview of CD47/SIRPα-targeted Drugs

CD47, which is overexpressed on the surface of numerous tumor cells, has been identified as a critical macrophage checkpoint. Upregulating CD47 is a mechanism commonly used by tumor cells to evade macrophage-mediated immune responses. By binding with SIRPα, an inhibitory receptor expressed on macrophages, CD47 conveys a "don't eat me" signal to inhibit tumor phagocytosis by macrophages. CD47/SIRPα-targeted drugs are designed to activate macrophages by blocking the inhibitory "don't eat me" signal. Activated macrophages can further elicit T-cell immune responses through the crosstalk between innate and adaptive immune systems. Macrophages, as a major type of innate immune cells, are widely distributed in a broad range of tumor types, accounting for 20% to 50% of cells in respective tumor tissues, including NSCLC, SCLC, breast cancer (BC), GC, CRC, HNSCC, HCC, ESCC, BTC, OC, lymphoma, acute myeloid leukemia (AML), myelodysplastic syndrome (MDS), chronic myelomonocytic leukemia (CMML), and MM. Thus, macrophage-activating strategy could be an effective approach to further improve treatment outcomes in a broad range of cancers.

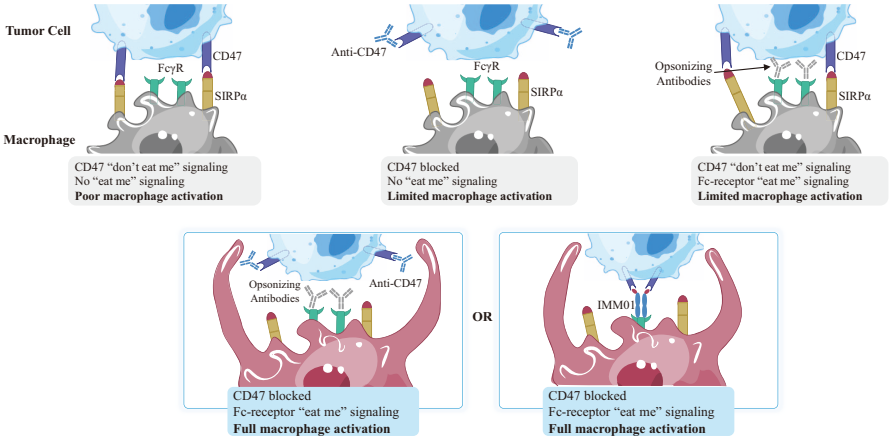
Given its critical role in modulating macrophage activity, CD47-SIRPα pathway has attracted growing attention from the biopharmaceutical industry and has been pursued by many multinational corporations as the next revolutionary immune checkpoint after PD-1/PD-L1.

Mechanism of macrophage activation

Although antibodies targeting CD47 or SIRPα can block the CD47-SIRPα axis and thus inhibit the "don't eat me" signal, the blockade alone is not sufficient to fully activate macrophages. Activation of macrophages also requires the simultaneous delivery of an "eat me" signal through Fc-FcγR (especially FcγRIIA) engagement or co-stimulatory pathways, such as the STING pathway. To achieve potent antitumor activity, CD47-targeted agents must be able to exert dual mechanisms: blocking the "don't eat me" signal and simultaneously delivering an activating "eat me" signal to fully activate macrophages. As most CD47 antibodies with IgG2 or IgG4 cannot

activate Fc effector function on their own, an additional "eat me" signal is further required for combination therapies to achieve efficacy. The following diagrams illustrate how the dual mechanisms work:

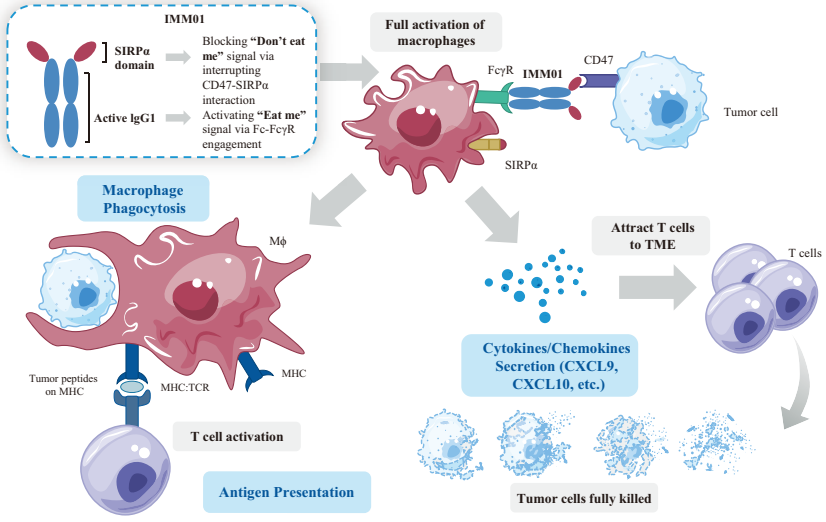
Dual Mechanisms of Macrophage Activation



Source: Frost & Sullivan, Literature Review

Upon full activation, macrophages can mediate phagocytosis against tumor cells, and assist in promoting tumor-specific adaptive immune responses by remodeling immunosuppressive TME and increasing T cell-mediated cytolysis. Activated macrophages can release a slew of cytokines and chemokines, such as CXCL9 and CXCL10, to recruit T cells into the TME, effectively inflaming "cold tumors" into "hot tumors." Additionally, macrophages can present tumor-associated antigens to T cells, thereby activating a T cell-mediated response against tumor cells. The diagram below illustrates how fully activated macrophages combat cancer cells:

Integrated Antitumor Immune Responses Induced by Macrophage Activation



Definition: MHC refers to major histocompatibility complex.
Source: Frost & Sullivan, Literature Review

Validation of CD47-SIRPα pathway by clinical evidence and global transactions

There are 52 CD47/SIRPα-targeted drug candidates currently under clinical development in China and globally, including 5 CD47-targeted fusion proteins, 18 CD47-targeted monoclonal antibodies, 21 CD47-targeted bispecific molecules, and 8 SIRPα-targeted monoclonal antibodies. Therapeutic potential of CD47-targeted agents has been validated by accumulating clinical data in recent years. Multiple agents have shown positive safety and efficacy results in ongoing clinical trials either as monotherapy or in combination with other cancer agents for the treatment of both hematologic and solid tumors, such as non-Hodgkin lymphoma (NHL), MDS, AML, SCLC, HNSCC, OC and GC. The chart below summarizes published clinical trial results of five drug candidates in the global pipeline:

Drug Name	Molecule	Indications	Clinical Phase	Patient Number	Results				Regimen
					ORR	CR	PR	SD	
Forty Seven (Gilead)'s Hu5F9-G4 (Magrolimab)	Monoclonal Antibody (IgG4)	R/R Non-Hodgkin's Lymphoma (NHL)	I/II (US, Row)	22	50%	36%	14%	14%	Hu5F9-G4 1-30mg/kg weekly +Rituximab 375mg/m^2
		R/R Diffuse Large B-cell Lymphoma (DLBCL)		33	52%	39%	12%	6%	
		R/R Follicular Lymphoma (FL)		7	71%	43%	28%	0%	
		Untreated Higher-risk Myelodysplastic Syndrome (MDS)	Ib (US, Row)	95	75%	33%	42%	/	Hu5F9-G4 1-30 mg/kg QW/Q2W +AZA 75mg/m^2 days 1-7
		Untreated Acute Myeloid Leukemia (TP53-mutant AML)		22	73%	59%	14%	/	
		R/R Ovarian Cancer (OC)	Ib (US)	18	/	/	/	56%	Hu5F9-G4 45mg/kg weekly+PD-L1 inhibitor Avelumab 800mg Q2W
		Untreated Acute Myeloid Leukemia (AML)	Ib/II (US)	41	80%	71%	10%	/	Hu5F9-G4 1-30 mg/kg QW/Q2W +AZA 75mg/m^2 days 1 -7+VEN 400mg days 1-28
ALX Oncology's ALX148 (Evorpacept)	Fusion Protein (IgG1 inert)	R/R Non-Hodgkin Lymphoma (NHL)	I (US, Row)	22	41%	18%	23%	27%	ALX148 10mg/kg QW + Rituximab
				10	70%	30%	40%	10%	ALX148 15mg/kg QW + Rituximab
		Untreated Head and Neck Squamous Cell Carcinoma (HNSCC)	I (US, Row)	13	39%	8%	31%	46%	ALX148 10 or 15 mg/kg QW+ Pembrolizumab + 5FU+ Cisplatin or Carboplatin as 1st line therapy, or in combination with trastuzumab (T) + ramucirumab (R) + paclitaxel (P) as ≥2nd line treatment
		Previously Treated Gastric/Gastroesophageal Cancer (GC)		18	72%	6%	67%	17%	
Trillium (Pfizer)'s TTI-621	Fusion Protein (IgG1)	R/R Diffuse Large B-cell Lymphoma	I (US, Row)	7	29%	14%	14%	/	TTI-621 dosing from 0.2 to 2.0 mg/kg weekly
		R/R Cutaneous T-cell Lymphoma		62	19%	3%	16%	/	
		R/R Peripheral T-cell Lymphoma		22	18%	9%	9%	/	
Trillium (Pfizer)'s TTI-622	Fusion Protein (IgG4)	R/R Lymphomas	I (US)	27	33%	7%	26%	/	TTI-622 weekly intravenous doses between 0.8 and 18 mg/kg
I-Mab (AbbVie)'s TJC4 (Lemzoparlimab)	Monoclonal Antibody (IgG4)	R/R Non-Hodgkin Lymphoma	I (China, US)	7	71%	57%	14%	29%	Lemzoparlimab 20 or 30 mg/kg weekly +Rituximab 375 mg/m^2 QW
		Untreated IPSS-R intermediate or high-risk MDS	II	53	86%	31%	55%	/	Lemzoparlimab 30 mg/kg weekly + AZA at 75 mg/m^2

Notes: (1) ORR refers to objective response rate (objective response was defined as a complete or partial response), CR refers to complete responses, PR refers to partial responses, SD refers to stable disease, R/R refers to relapsed/refractory. (2) Clinical data are extracted from company website and published literature. (3) QW refers to once a week; Q2W refers to once every two weeks. (4) The phase mentioned above refers to the clinical phase corresponding to the disclosed clinical trial results, rather than the latest clinical phase. (5) There were no head-to-head comparison clinical trials conducted between these drugs. The results of clinical trials of a drug cannot be directly compared to that of another drug and may not be representative of the overall data. (6) In the clinical trials for magrolimab in combination with azacitidine in frontline TP53m AML and HR MDS, anemia (29% and 52%, respectively) and thrombocytopenia (32% and 55%, respectively) were observed. In the clinical trials for TTI-621 as monotherapy for the treatment of R/R lymphoma, anemia (12%) and thrombocytopenia (30%) were also observed. As discussed in "— Scientific barriers to CD47/SIRPα-targeted drug development" below, since CD47 is ubiquitously expressed on human RBCs and platelets, a CD47/SIRPα blocking agent may bind to normal blood cells and cause blood toxicity. However, by modifying the structure, SIRPα-Fc fusion protein can avoid binding to normal blood cells to certain extent. The decrease in platelets observed in SIRPα-Fc fusion protein trials conducted by Trillium and ImmuneOnco was also transient and it would not be expected to pose any particular class risk for SIRPα-Fc fusion proteins.

Source: *Frost & Sullivan, Literature Review, Official Websites of Relevant Companies*

Having seen the compelling clinical value of CD47-targeted agents, a number of leading pharmaceutical players entered the CD47 area by striking multibillion-dollar deals, further validating the potential of this class of therapeutics. The following table lists significant global deals surrounding CD47-targeted agents:

Licensing

OSE & Boehringer Ingelheim
2018.4
Boehringer Ingelheim has licensed in a pre-clinical SIRPα inhibitor (BI765063) from OSE Immuno-therapeutics, with a total consideration of €1.13 billion in upfront and milestone payments, plus future royalties on worldwide net sales, for the exclusive global rights to develop, register and commercialize BI765063.

Alector & Innovent
2020.3
Innovent has licensed in a pre-clinical SIRPα inhibitor AL008 (IBI397) from Alector for the development and commercialization rights in China.

I-MAB & Abbvie
2020.9
Abbvie has licensed in a CD47 antibody (lemzoparlimab) in clinical stage from I-MAB with up to $1.94 billion payment for the ex-China global rights. AbbVie will also pay tiered royalties from low-to-mid teen percentages on global net sales outside of greater China.

MacroGenics & Zai Lab
2021.6
Zai Lab has licensed in four pre-clinical CD47- or CD3-based bispecific molecules from MacroGenics for regional Asian and global rights with initial consideration of $55 million and up to $1.4 billion potential payments.

M&A

Forty Seven (Gilead)
2020.3
Gilead acquired Forty Seven, together with its CD47 targeted antibody program, for $4.9 billion.

Trillium Therapeutics (Pfizer)
2021.8
Pfizer acquired Trillium, an immuno-oncology company with two lead (SIRPa-Fc)-CD47 targeted molecules, TTI-622 and TTI-621, for $2.26 bn.

Note: For the Licensing column, companies listed in the front are licensors, and companies listed behind are licensees. For the M&A column, companies listed in the front are acquirees, and companies listed in the parentheses are acquirers.
Source: *Frost & Sullivan, Official Websites of Relevant Companies*

Scientific barriers to CD47/SIRPα-targeted drug development

While being a clinically-validated cancer immunotherapy target with a significant market potential, CD47 still faces great challenges in drug design and development. As of the Latest Practicable Date, the clinical trials of multiple CD47 antibodies have been suspended or partially suspended due to safety issues, such as Bristol-Myers (Celgene)'s CC-90002, Surface Oncology's SRF231. In early 2022, the FDA placed a partial clinical suspension on studies to evaluate Gilead's magrolimab in MDS, AML, MM and diffuse large B-cell lymphoma (DLBCL) due to an imbalance in investigator-reported suspected unexpected serious adverse reaction (SUSAR) between study arms observed in trials, all of which have been subsequently lifted as the FDA determined that, following a comprehensive review of the safety data from each trial, the clinical sponsor had satisfactorily addressed the deficiencies. Barriers to the development of effective and safe CD47-targeted drugs are as follows:

- Blood toxicity: Safety issues have been the primary concerns around CD47. Other than tumor cells, CD47 is also ubiquitously expressed on human red blood cells (RBCs) and platelets. Thus, a CD47/SIRPα blocking agent may also bind to normal blood cells and cause severe blood toxicity, such as anemia, thrombocytopenia and hemagglutination

(clumping of RBCs). In fact, a number of clinical-stage CD47 antibodies show severe strong RBC binding, leading to severe adverse effects, and cases resulting in trial suspensions or termination.

- Antigenic sink: Due to ubiquitous expression of CD47 on normal cells, CD47-targeted agents, especially CD47 antibodies, may be quickly exhausted after administration, resulting in limited drug exposure in tumor tissues. "Antigenic sink" issues require a higher dose to reach the minimum effective concentration threshold. Higher doses would in turn cause more severe blood toxicity, especially when used in combination therapies.

- Fc isotype selection: Due to the inevitable binding of CD47 antibodies to RBCs, most of those antibodies resort to a less potent IgG4 Fc region, trading their therapeutic efficacy for safety and thus requiring a much higher dose. In contrast, IgG1 Fc is able to elicit strong ADCP activity by macrophages through much more efficient engagement with activating Fcγ receptors.

- T-cell apoptosis: CD47 is also expressed on T cells. Upon binding with a particular CD47 epitope on T cells, certain CD47-targeted antibodies may induce T-cell apoptosis, resulting in compromised efficacy, drug resistance and severe side effects.

These challenges pose high scientific entry barriers for the development of CD47-targeted therapies. Due to these hurdles, several companies have started to develop SIRPα-targeted therapeutics, most of which are still in early stages. However, since anti-SIRPα antibodies usually adopt IgG4 Fc, they cannot fully activate macrophages and thus are unlikely to elicit potent immune responses against tumor cells.

Global and China CD47/SIRPα-targeted drugs market size

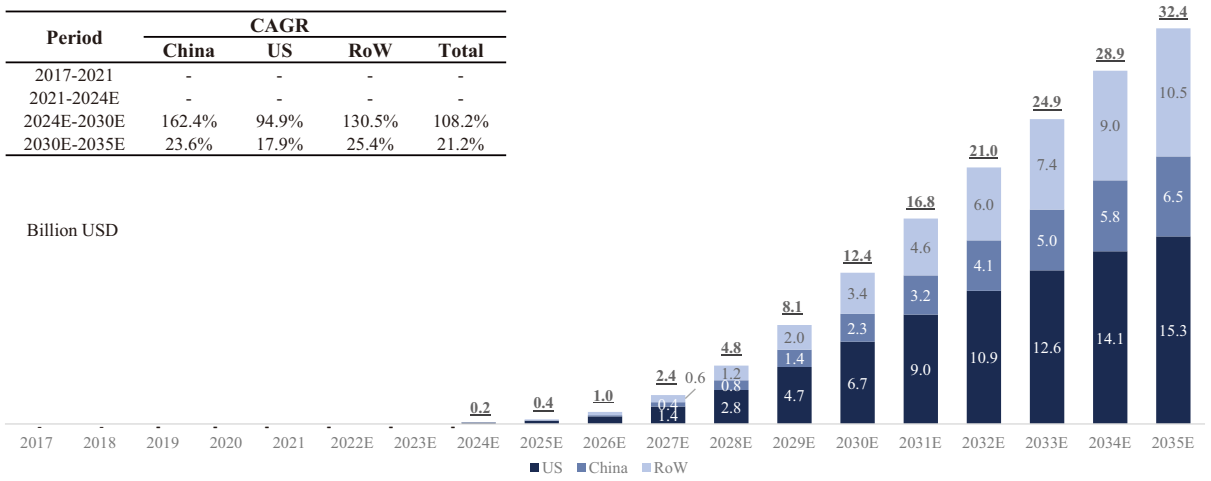
According to Frost & Sullivan, the global market of CD47/SIRPα-targeted therapies is projected to expand rapidly after the expected launch of the first drug of this class in 2024. This market is projected to increase from US$0.2 billion in 2024 to US$12.4 billion in 2030, representing a CAGR of 108.2% between 2024 to 2030, and further increase to US$32.4 billion in 2035 at a CAGR of 21.2% between 2030 and 2035. CD47/SIRPα-targeted therapy market in the U.S. is expected to reach US$6.7 billion in 2030 at a CAGR of 94.9% from 2024 to 2030, and further to US$15.3 billion in 2035 at a CAGR of 17.9% from 2030 to 2035.

China's CD47/SIRPα-targeted therapy market is expected to grow at a higher speed compared to the global market. The China market is expected to grow from US$0.01 billion in 2024 to US$2.3 billion in 2030, representing a CAGR of 162.4% between 2024 to 2030. It is estimated to further reach US$6.5 billion in 2035 at a CAGR of 23.6% between 2030 to 2035.

In the global and China's CD47/SIRPα-targeted therapy market, CD47-targeted therapies are expected to contribute a substantially higher proportion than SIRPα-targeted therapies, as most SIRPα-targeted therapies are still in relatively early stages. The diagram below sets forth the market size of CD47/SIRPα-targeted therapies in China, the U.S. and the rest of the world for the periods indicated:

Global CD47/SIRPα-Targeted Therapies Market, 2017–2035E

Period	CAGR			
	China	US	RoW	Total
2017-2021	-	-	-	-
2021-2024E	-	-	-	-
2024E-2030E	162.4%	94.9%	130.5%	108.2%
2030E-2035E	23.6%	17.9%	25.4%	21.2%



Notes: (1) Market size for CD47-targeted and SIRPα-targeted drugs, including monoclonal antibody, bispecific antibody, antibody conjugate drug (ADC), fusion protein. (2) RoW refers to all countries and regions in the world except the U.S. and China.

Source: *Frost & Sullivan*

Global and China CD47/SIRPα-targeted drugs competitive landscape

As of the Latest Practicable Date, there were no commercialized CD47/SIRPα-targeted drugs globally. Given the therapeutic and market potential of CD47/SIRPα-targeted agents, many drug candidates are currently under clinical development, including fusion proteins, monoclonal antibodies and bispecific molecules. Among the numerous drug developers, ImmuneOnco and Trillium are the only two companies to have observed complete response (CR) in monotherapy clinical trials with a well-tolerated safety profile. There are five anti-SIRPα monoclonal antibodies under clinical development globally, all of which are still in early stages.

CD47-targeted fusion proteins and monoclonal antibodies

The following chart illustrates comparisons of major clinical-stage CD47-targeted fusion proteins and monoclonal antibodies worldwide:

Drug Name	Company	Molecule	Fc isotype	RBC binding	1st in human	Monotherapy CR	Indication	Latest Stage
Hu5F9 (Magrolimab)	Forty Seven (Gilead)	mAb	IgG4	Yes	2014.8	No	AML, MDS, MM, NHL, HNSCC, TNBC, OC, CRC	Ph III (Suspension Lifted by FDA)
TTI-621	Trillium Therapeutics (Pfizer)	SIRPαFc	IgG1	No	2016.1	Yes	AML, MDS, MM, Lymphoma, Leiomyosarcoma, Solid Tumor	Ph II
TTI-622		SIRPαFc	IgG4	No	2018.5	Yes	AML, MM, Lymphoma, OC	Ph II
CC-90002	Celgene (BMS)	mAb	IgG4	Yes	2015.2	No	AML, MDS, MM, NHL, Solid tumor	Ph I (Partial Suspension by the Company)
SRF231	Surface Oncology	mAb	IgG4	Yes	2018.4	No	Advanced Solid Cancers, Hematologic Cancers	Ph I (Suspension by the Company)
ALX-148 (Evorpacept)	ALX Oncology	SIRPαFc	IgG1 Fc(Inert)	Yes	2017.1	No	AML, MDS, NHL, Solid Tumor	Ph II/III
SHR1603	HengRui 恒瑞	mAb	IgG4	Yes	2018.10	No	Advanced Malignancies, Lymphoma	Ph I (Suspension by the Company)
AO-176	Arch Oncology	mAb	IgG2	Minimal	2019.2	No	MM, GC, NSCLC, HNSCC, OC, Prostate Cancer, Endometrial Carcinoma	Ph I/II (Suspension by the Company)
IBI188 (Letaplimab)	Innovent 信达生物	mAb	IgG4	Yes	2018.11	No	AML, MDS, Lymphoma, Solid Tumor	Ph Ib/III (Partial Suspension by the Company)
TJC4 (Lemzoparlimab)	I-Mab 天境生物 /AbbVie	mAb	IgG4	Minimal	2019.5	No	AML, MDS, MM, CD20 Positive Lymphoma, Advanced Solid Tumor	Ph III (Partial Suspension by the Company)
IMM01	ImmuneOnco 宜明昂科	SIRPαFc	IgG1	No	2019.9	Yes	MDS, AML, CMML, HL, NHL, Solid Tumor	Ph II
AK117	Akesobio 康方生物	mAb	IgG4	Minimal	2020.4	No	AML, MDS, Lymphoma, TNBC, HNSCC, NSCLC, SCLC, OC, CRC, HCC	Ph II

Notes: (1) Clinical data are extracted from official websites of relevant companies, reported clinical trials and published literature. (2) Despite a comparison is made here, the key results are not from head-to-head studies. (3) "1st in human" refers to the first posted date of the first clinical trial. (4) The stage listed here is the latest clinical trial of the drug. (5) Partial suspension means not all clinical trials of this drug are suspended, such as monotherapy of CC-90002 which has been suspended but its combination therapy with rituximab has completed. (6) For the drugs associated with two companies, the company in the parenthesis is the acquirer. (7) The FDA has lifted all of the partial clinical hold placed on several trials evaluating magrolimab, as it determined that, following a comprehensive review of the safety data from each trial, the clinical sponsor had satisfactorily addressed the deficiencies. (8) As to the monotherapy CR column, "No" means that no CR was achieved in a completed or suspended clinical trial. (9) The clinical trials of drug candidates marked as dark-gray have been suspended.

Source: *Frost & Sullivan, Official Websites of Relevant Companies*

As indicated in the table above, all of those CD47 antibodies exhibit RBC binding activity, and as such they resorted to IgG4 or IgG2 Fc with less potent receptor engagement activity. In contrast, CD47-targeted fusion proteins, including TTI-621 developed by Trillium and IMM01 developed by ImmuneOnco, do not bind with RBCs *in vitro*, enabling the use of an IgG1 Fc region with a better ability to engage Fc receptors to elicit stronger effector functions compared with other isotypes. Among all CD47-targeted drug candidates, only IMM01 developed by ImmuneOnco, and TTI-621 and TTI-622 developed by Trillium have achieved CR in clinical study as monotherapy. Given TTI-622 adopts an IgG4 Fc with weaker Fc function, its monotherapy CR rate was lower than TTI-621 at a higher dose for peripheral T cell lymphoma (PTCL) and DLBCL.

Since ALX-148 contains an inert IgG1 Fc that exhibits no Fc function, no CR was observed in its monotherapy clinical trials. The following chart demonstrates a comparison and considerations of the four subtypes in molecule design:

IgG Subtypes

	IgG1	IgG2	IgG3	IgG4
Plasma Level	60-70%	20-30%	5-8%	1-4%
Half-life Period /days	**21**	21	9	21
Antigen	Proteantigen	Carbohydrate antigen	Proteantigen	Chronic antigenic stimulus and inflammation
FcγR Affinity	**Strong**	Weak	Strong	Weak
ADCC Activity	**Strong**	Weak	Strong	Weak
ADCP Activity	**Strong**	Weak	Strong	Weak
CDC Activity	**Strong**	Weak	Strong	No
Representative Drug	Daratumumab	Denosumab	-	Pembrolizumab

Source: Frost & Sullivan

As of the Latest Practicable Date, there were two clinical-stage CD47-targeted fusion proteins in China and three in the U.S. and the rest of the world. According to Frost & Sullivan, our IMM01 is the first SIRPα fusion protein that has entered in clinical stage in China. The table below summarizes the global pipeline of CD47-targeted fusion proteins:

Global Pipeline of CD47-targeted Fusion Proteins

Drug Name/Code	Company	Fc Isotype	RBC Binding	Monotherapy CR	Indications	Clinical Stage	First Posted Date	Proposed Line of Treatment	Region
ALX148 (Evorpacept)	ALX Oncology	IgG1 (inert)	Yes	No	AML, MDS, NHL, Solid Tumor	Phase II/III	2021/08/12	1L or later	US, RoW
TTI-621	Trillium Therapeutics (Pfizer)	IgG1	No	Yes	AML, MDS, MM, Lymphoma, Leiomyosarcoma, Solid Tumor	Phase II	2021/08/09	2L or later	US
TTI-622		IgG4	No	Yes	AML, MM, Lymphoma, OC	Phase II	2022/08/19	1L or later	US
IMM01	ImmuneOnco 宜明昂科	IgG1	No	Yes	MDS, AML, CMML, HL, NHL, Solid Tumor	Phase II	2021/09/23	1L or later	China
SG404	SumgenBio 尚健生物	/	/	/	Advanced Malignancy	Phase I	2020/12/10	2L or later	China

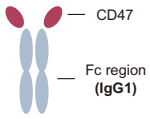
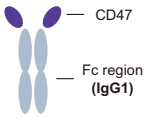
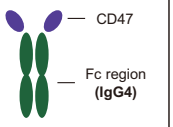
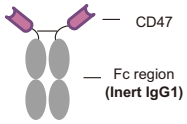
Notes: (1) Company's information is from the Company and industry information is as of March 17, 2023. (2) First posted date refers to the date on which the study record was first available on Chinadrugtrials.org.cn or Clinicaltrials.gov. (3) RoW refers to regions out of China and the U.S. (4) The clinical stage refers to the latest clinical trials as well as the first posted date. (5) The clinical stage refers to the latest clinical trials. (6) As to the monotherapy CR column, "No" means that no CR was achieved in a completed or suspended clinical trial. "/" represents there has been no disclosed information about the results of the clinical trials so far.

Definitions: AML refers to acute myeloid leukemia; MDS refers to myelodysplastic syndrome; HL refers to Hodgkin lymphoma; NHL refers to non-Hodgkin lymphoma; MM refers to multiple myeloma; GC refers to gastric cancer; HNSCC refers to head and neck squamous cell carcinoma; CMML refers to chronic myelomonocytic leukemia.

Source: Frost & Sullivan, CDE, ClinicalTrials, Literature Review, Official Websites of Relevant Companies

The following chart demonstrates a comparison among major CD47-targeted fusion proteins:

Comparison of Major CD47-Targeted Fusion Proteins

	ImmuneOnco	Trillium		ALX Oncology
	IMM01	TTI-621	TTI-622	ALX148
Structure				
CD47 binding domain	Engineered SIRPα D1	Natural SIRPα D1		Engineered SIRPα D1
CD47 binding affinity	Moderate	Moderate		Very high
RBC binding	No *in vitro* binding	No *in vitro* binding		Strong RBC binding
Fc isotype	IgG1	IgG1	IgG4	IgG1 (inert)
Fc function (ADCP, ADCC)	Strong	Strong	Weak	No
Safety	Well tolerated	Well tolerated		Well tolerated
Single agent activity	Yes	Yes	Yes	Very limited
"Eat me" signal activation	Yes	Yes	Weak	No
Combination potential with IgG4 antibody	Strong	Strong	Moderate	Weak

Notes: (1) RBC refers to red blood cell; (2) ADCP refers to antibody-dependent cellular phagocytosis; ADCC refers to antibody-dependent cell-mediated cytotoxicity; (3) AITL refers to angioimmunoblastic T-cell lymphoma; CTCL refers to cutaneous T-cell lymphoma; PTCL refers to peripheral T-cell lymphoma; DLBCL refers to diffuse large B-cell lymphoma.

Source: Company Website, Literature Review, Frost & Sullivan analysis

As of the Latest Practicable Date, there were 18 CD47-targeted monoclonal antibodies under clinical development globally. All of the ongoing CD47 antibodies with known structure adopt the IgG4 Fc isotype. The table below sets forth details of the global pipeline of CD47-targeted monoclonal antibodies:

Global Pipeline of CD47-targeted Monoclonal Antibodies

Drug Name/Code	Company	Fc Isotype	RBC Binding	Monotherapy CR	Indications	Clinical Stage	First Posted Date	Proposed Line of Treatment	Region
Hu5F9 (Magrolimab)	Forty Seven (Gilead)	IgG4	Yes	No	AML, MDS, MM, NHL, HNSCC, TNBC, OC, CRC	Phase III (Suspension Lifted by FDA)	2020/03/18	1L or later	US, RoW
IBI188 (Letaplimab)	Innovent 信达生物	IgG4	Yes	No	AML, MDS, Lymphoma, Solid Tumor	Phase Ib/III (Partial Suspend by the Company)	2020/07/23	1L or later	China, US
AK117	Akesobio 康方生物	IgG4	Minimal	No	AML, MDS, Lymphoma, TNBC, HNSCC, NSCLC, SCLC, OC, CRC, HCC	Phase II	2022/01/30	1L or later	China, RoW
AO-176	Arch Oncology	IgG2	Minimal	No	MM, GC, NSCLC, HNSCC, OC, Prostate Cancer, Endometrial Carcinoma	Phase I/II (Suspend by the Company)	2019/02/08	2L or later	US
TJC4 (Lemzoparlimab)	I-Mab 天境生物 /AbbVie	IgG4	Minimal	No	AML, MDS, MM, CD20 Positive Lymphoma, Advanced Solid Tumor	Phase III (Partial Suspend by the Company)	2021/03/29	1L or later	China, US
Gentulizumab	GenSci 金赛药业	/	/	/	AML, MDS, Advanced Solid Tumor or Lymphoma	Phase I	2021/01/12	2L or later	China
CC-90002	Celgene (BMS)	IgG4	Yes	No	AML, MDS, MM, NHL, Solid tumor	Phase I (Partial Suspend by the Company)	2015/02/20	2L or later	US
SRF231 (Urabrelimab)	Surface Oncology	IgG4	Yes	No	Advanced Solid Cancers, Hematologic Cancers	Phase I (Suspend by the Company)	2018/04/30	2L or later	US, RoW
SHR1603	HengRui 恒瑞	IgG4	Yes	No	Advanced Malignancies, Lymphoma	Phase I (Suspend by the Company)	2018/10/26	2L or later	China
ZL-1201	Zai Lab 再鼎医药	IgG4	Yes	/	Advanced Solid Tumor or Hematologic Malignancies	Phase I	2020/02/06	2L or later	China, US
IMC-002/3D-197	ImmuneOncia/ 3D Medicines 思路迪	IgG4	No	/	Lymphoma, Solid Tumor	Phase I	2020/03/12	2L or later	China, US, RoW
MIL95/CM312	MabWorks/KeyMed 天广实生物/康诺亚生物	/	Minimal	/	Advanced Solid Tumor or Lymphoma	Phase I	2020/11/27	2L or later	China
TQB2928	Chia Tai Tianqing 正大天晴	/	/	/	Advanced Solid Tumors and Hematological Malignancies	Phase I	2021/04/22	2L or later	China
sB24M	Swiss Biopharma Med	/	/	/	PV; PG; PPG; Pyoderma	Phase I	2021/05/20	3L or later	RoW
STI-6643	Sorrento Therapeutics	IgG4	Minimal	/	Advanced Solid Tumor	Phase I	2021/05/25	2L or later	US
LD002	LanDun 蓝盾药业	/	/	/	Advanced Solid Tumor, NL	Phase I	2022/03/09	2L or later	China
F527	XinShiDai 新时代药业	/	/	/	Lymphoma	Phase I	2022/04/14	2L or later	China
HMPL-A83	HutchMed 和黄医药	IgG4	Minimal	/	AML, MDS, Lymphoma, Solid Tumor	Phase I	2022/05/26	2L or later	China

Notes: (1) Industry information is as of March 17, 2023. (2) First posted date refers to the date on which the study record was first available on Chinadrugtrials.org.cn or Clinicaltrials.gov. (3) RoW refers to regions out of China and the U.S. (4) The clinical stage refers to the latest clinical trials as well as the first posted date. (5) As to the monotherapy CR column, "No" means that no CR was achieved in a completed or suspended clinical trial. "/" means that no published clinical data is available so far. (6) According to public information, Zai Lab has decided to de-prioritize its internal development of ZL-1201 solely for strategic reasons and will explore out-licensing opportunities. According to Frost & Sullivan, such decision would not have any material impact on the competitive landscape of CD47/SIRPα-targeted drugs. Compared to ZL-1201, IMM01 does not bind with RBCs *in vitro*, thus enabling the adoption of an IgG1 Fc fragment capable of inducing full macrophage activation. (7) The clinical trials of drug candidates marked as dark-gray have been suspended.

Definitions: AML refers to Acute Myeloid Leukemia; MDS refers to Myelodysplastic Syndrome; NHL refers to Non-Hodgkin Lymphoma; MM refers to multiple myeloma; HNSCC refers to Head and Neck Squamous Cell Carcinoma; TNBC refers to triple negative breast cancer; OC refers to Ovarian cancer; PV refers to Pyoderma Vegetans; PG refers to Pyoderma Gangrenosum; PPG refers to Parastomal Pyoderma Gangrenosum; CRC refers to Colorectal Cancer.

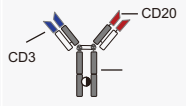
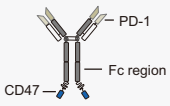
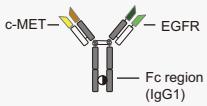
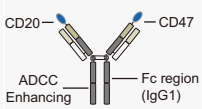
Source: Frost & Sullivan, CDE, ClinicalTrials, Literature Review, Official Websites of Relevant Companies

CD47-targeted bispecific molecules

Bispecific molecules are designed to recognize and specifically bind to two epitopes or targets simultaneously. There has been a rapid development in the bispecific molecule field since the debut of bispecific molecules as a new therapeutic approach. As of the Latest Practicable Date, there were four marketed bispecific molecules for cancer treatment globally.

Besides potential cost benefit and ease of use compared to the combination of two monoclonal antibodies, bispecific molecules with immuno-oncology targets could achieve improved clinical benefits depending on the biological synergy between the targeted pathways and structure design. Over the past decades, various formats of bispecific molecules have been explored. Those formats differ in several aspects, including structure, presence/absence of an Fc-domain, Fc isotype, symmetry, molecule size, antigen-binding sites, and resulting mechanism of action. The following table sets forth a comparison among three major formats of bispecific molecules, namely T cell engagers, and checkpoint/signaling blockers with or without Fc effector function:

Major Bispecific Molecule Formats

	T Cell Engager		Dual Checkpoint/Signaling Blockade without Fc Effectors		Dual Checkpoint/Signaling Blockade with Fc Effects	
Structure	 **Blincyto(Amgen)**	 **Mosunetuzumab(Roche)**	 **AK112(Akesobio)**	 **HX009(Hans Bio)**	 **Rybrevant(Janssen)**	 **IMM0306(ImmuneOnco)**
Function	• Bring T cells into close contact with tumor cells, and elicit immediate T-cell immune responses against tumor cells		• Through targeting and blocking of immune checkpoints or tumor signaling pathways, it reactivates suppressed immune cell functions		• Apart from the blocking of immune checkpoints or tumor signal pathways, it also activates innate immune cells through IgG1 Fc, inducing ADCC, ADCP, and potentially ADCT • Innate immune cells could further recruit and active T cells, eliciting long-lasting immune response	
Characteristics	• Induce direct tumor killing through T cell activation and the secretion of perforin and granzymes • Severe CRS triggered by immediate T cell response and massive induction of cytokines such as IL-6, interferons, tumor necrosis factors etc.		• Efficacy achieved through dual signaling blockade • Loss of Fc effector function, as the Fc end has been blocked and IgG • Manageable safety profile compared to T cell engagers		• Efficacy achieved through dual signaling blockade, as well as full Fc effector function delivered through IgG1 Fc • Able to bring innate immune cells into close contact with tumor cells, and induce strong ADCC, ADCP, potentially ADCT effects • Manageable safety profile compared to T cell engagers	
Example	**Blincyto®** • ORR: 42%, CRS: 15% (ALL) **AMG 701** • ORR: 83%, CRS: 65% (MM) **Mosunetuzumab** • ORR: 80%, CRS: 44.4% (FL)		**AK112** • ORR: 46.0% (NSCLC, 1L) • ORR: 60.0% (NSCLC, 1L, TPS≥1%) • ORR: 76.9% (NSCLC, 1L, TPS≥50%) **HX009** • ORR: 15%, PR: 15% (Advanced malignancies)		**Rybrevant®** • ORR: 40%, CR: 3.7%, PR: 36% (NSCLC with EGFR exon 20 insertion mutations)	

Note: The clinical results listed in the example line refer to the treatment outcome of monotherapy for R/R diseases, except for AK112, which is designed for the first-line treatment of NSCLC.

Definitions: ADCC refers to antibody-dependent cell-mediated cytotoxicity; ADCP refers to antibody-dependent cellular phagocytosis; CDC refers to complement dependent cytotoxicity; ALL refers to acute lymphoblastic leukemia; MM refers to multiple myeloma; NSCLC refers to non-small cell lung cancer; Example refers to representative approved drugs or underdevelopment drugs.

Source: Frost & Sullivan, Literature Review, Official Websites of Relevant Companies

As exhibited in the table above, the molecular structure design is critical to the success of bispecific molecules. The CD3-based bispecific T-cell engagers can bring T cells into close contact with tumor cells and elicit T-cell immune responses, inducing potent tumor killing effects. However, this type of bispecific molecules may trigger severe CRS through massive induction of cytokines such as IL-6. For example, CRS was seen in 65% of patients in its reported clinical study of Amgen's AMG701 (CD3×BCMA) in MM. Due to safety issues, numerous clinical trials for the T cell engagers have been suspended or terminated.

In terms of dual checkpoint/signaling blockers, the selection of different Fc types could have a significant impact on the activity of the molecules. Two bispecific molecules addressing the same targets, EGFR and c-Met, are excellent examples. Johnson & Johnson's amivantamab uses an IgG1 Fc and has obtained an accelerated approval from the FDA based on the clinical benefits primarily attributed to Fc-mediated antibody-dependent cellular cytotoxicity (ADCC), antibody-dependent cellular phagocytosis (ADCP) and antibody-dependent cellular trogocytosis (ADCT), while the clinical development of Eli Lilly's LY3164530 with an IgG4 Fc was suspended due to limited patient benefits and severe toxicity.

CD47-targeted bispecific molecules are trickier and require much careful and delicate structural design. Several critical aspects need to be taken into consideration, including RBC-binding activity, IgG subclass and target selection. Due to the two-signal requirements for macrophage activation, potent IgG1 Fc effector function has to be retained, but it can only be applicable in those that do not bind to RBCs, as exemplified by IMM2902 developed by ImmuneOnco. In comparison, those bispecific molecules with Fc region blocked will result in the loss of the Fc effector function, thus hampering their efficacy.

As of the Latest Practicable Date, there were 21 CD47-targeted bispecific molecules under clinical development worldwide, including eight with clinical trials in China. Among these molecules, IMM0306 is the first CD47×CD20 bispecific molecule to have entered into the clinical stage worldwide, which does not bind to red blood cells *in vitro* and contains an IgG1 Fc region. In addition, IMM2902 is the only one CD47×HER2 bispecific molecule that has entered into the clinical stage globally. The table below sets forth details of the global pipeline of CD47-targeted bispecific molecules:

Global Pipeline of CD47-targeted Bispecific Molecules

Target	Drug Name/Code	Company	Fc isotype	Fc effector	Indications	Clinical Stage	First Posted Date	Proposed Line of Treatment	Region
CD47, PD-1/L1	HX009	Hans Bio 翰思生物	IgG4	No	Lymphoma, HNSCC, BTC, Esophageal Cancers, Sarcoma, Malignant Mesothelioma	Phase II	2021/05/14	2L or later	China. RoW
	6MW3211	Maiwei Bio 迈威生物	/	/	AML, MDS, Refractory or Relapsed Lymphoma, RCC, Lung Cancer	Phase II	2022/06/13	1L or later	China
	IBI322	Innovent 信达生物	IgG4	Minimal	AML, MDS, Lymphoma, Advanced Solid Tumor	Phase Ia/Ib	2020/03/30	2L or later	China, US
	SG12473	SumgenBio 尚健生物	/	No	HL, NSCLC, CRC, HNSCC, Endometrial Carcinoma	Phase Ia/Ib	2021/05/13	2L or later	China
	PF-07257876	Pfizer	IgG1	Yes	NSCLC, HNSCC, OC	Phase I	2021/05/11	2L or later	US
	BAT7104	Bio-Thera 百奥泰	/	/	Advanced Malignancies	Phase I	2022/02/22	2L or later	China, Row
	SH009	SanHome 圣和药业	/	/	Advanced Malignancies	Phase I	2022/07/01	2L or later	China
	IMM2520	ImmuneOnco 宜明昂科	IgG1	Yes	Solid Tumor	Phase I	2023/02/07	2L or later	China, US
CD47, CD20	IMM0306	ImmuneOnco 宜明昂科	IgG1	Yes	Refractory or Relapsed CD20-positive B-NHL	Phase I/II	2020/03/23	3L or later	China, US
	JMT601	JMT-Bio (Conjupro Biotherapeutics) 津曼特(石药集团)	IgG1	Yes	Refractory or Relapsed CD20-Positive B-NHL	Phase I/II	2021/04/21	3L or later	China, US
CD47, CD38	ISB 1442	Ichnos Sciences SA	IgG1/IgG3	Yes	MM	Phase I/II	2022/06/22	4L or later	US, Row
	SG2501	SumgenBio 尚健生物	/	/	MM, Lymphoma	Phase I	2022/03/24	2L or later	US
CD47, HER2	IMM2902	ImmuneOnco 宜明昂科	IgG1	Yes	HER2-positive and HER2 Low-expression Advanced Solid Tumor	Phase I	2021/09/22	2L or later	China, US
CD47, CD19	TG-1801/ NI-1701	TG Therapeutics /Novimmune SA	IgG1	Yes	B-Cell Lymphoma, Chronic Lymphocytic Leukemia	Phase I	2019/01/15	2L or later	US, RoW
CD47, CD40L	SL-172154	Shattuck Labs	IgG4	No	AML, MDS, OC, Fallopian Tube Cancer, PPC, cSCC; HNSCC	Phase I	2020/05/28	2L or later	US
CD47, 4-1BB	DSP107	Kahr Medical	IgG4	No	AML, MDS, CMML, Advanced Solid Tumor	Phase I/II	2020/06/22	2L or later	US
CD47、MSLN	NI-1801	Novimmune SA	IgG1	Yes	OC, TNBC, NSCLC	Phase I	2022/06/03	2L or later	Row
CD47, CLDN-18.2	PT886	Phanes Therapeutics	/	/	GC, Pancreas Adenocarcinoma	Phase I	2022/08/01	2L or later	/
	BC007	Dragon Boat	/	/	Advanced Solid Tumor with CLDN18.2 Expression	Phase I	2022/10/31	2L or later	China
	SG1906	SumgenBio 尚健生物	IgG1	/	Advanced Solid Tumor with CLDN18.2 Expression	Phase I	2023/03/13	2L or later	China
CD47, DLL3	PT217	Phanes Therapeutics	/	/	SCLC, LCNEC, NEPC, GEP-NET	Phase I	2022/12/15	2L or later	/
CD47, CD24	IMM4701	ImmuneOnco 宜明昂科	IgG1	Yes	Solid Tumor	CMC	CMC	/	China, US

Notes: (1) Company's information is from the Company and industry information is as of March 17, 2023. (2) First posted date refers to the date on which the study record was first available on Chinadrugtrials.org.cn or Clinicaltrials.gov. (3) RoW refers to regions out of China and the U.S. (4) The clinical stage refers to the latest clinical trials as well as the first posted date.

Definitions: *B-NHL refers to B-cell Non-Hodgkin Lymphoma; HNSCC refers to Head and Neck Squamous Cell Carcinoma; NSCLC refers to Non-small Cell Lung Cancer; PPC refers to Primary Peritoneal Cancer; cSCC refers to cutaneous squamous cell cancer; OC refers to Ovarian cancer; TNBC refers to Triple Negative Breast Cancer; LCNEC refers to Large Cell Neuroendocrine Cancer; NEPC refers to Neuroendocrine Prostate Cancer; GEP-NET refers to Gastroenteropancreatic Neuroendocrine Tumors.*

Source: *Frost & Sullivan, CDE, ClinicalTrials, Literature Review, Official Websites of Relevant Companies*

SIRPα-targeted monoclonal antibodies

SIRPα-targeted drug candidates are designed to bind with SIRPα expressed on immune cells and block CD47/SIRPα interaction, however they are not expected to further activate the "eat me" signal regardless of the IgG isotype used. As of the Latest Practicable Date, there were eight SIRPα-targeted monoclonal antibodies under clinical development globally, all of them are in phase I stage. There is no clinical-stage SIRPα-targeted bispecific molecule worldwide. The table below sets forth details of the global pipeline of SIRPα-targeted monoclonal antibodies:

Global Pipeline of SIRPα-targeted Monoclonal Antibodies

Drug Name/Code	Company	Molecule	Fc Isotype	Monotherapy CR	Indications	Clinical Stage	First Posted Date	Region
CC-95251	Celgene (BMS)	mAb	IgG1	No	AML, MDS, Advanced Solid Tumor, Advanced Hematologic Cancer	Phase I	2018/12/21	US, RoW
BI 765063/OSE-172	Boehringer Ingelheim/OSE	mAb	IgG4	No	Advanced Solid Tumor, Melanoma	Phase I	2019/06/18	RoW
FSI-189/GS-0189	Forty Seven (Gilead)	mAb	/	/	NHL	Phase I (Suspend by Company)	2020/08/06	US
IBI397	Innovent 信达生物	mAb	/	/	Advanced Solid Tumor	Phase Ia/Ib	2022/02/09	China
BR105	BioRay/Hisun 博锐生物/海正生物	mAb	/	/	Advanced Solid Tumor	Phase I	2022/03/14	China
ELA026	Electra Therapeutics Inc.	mAb	IgG1	/	Hemophagocytic Lymphohistiocytosis	Phase I	2022/06/13	US, Row
BYON4228	Byondis B.V.	mAb	IgG1	/	Lymphoma	Phase I	2023/02/21	/
DS-1103a	Daiichi Sankyo, Inc./AstraZeneca	mAb	IgG4	/	Advanced Solid Tumor	Phase I	2023/03/13	US

Notes: (1) Industry information is as of March 17, 2023. (2) First posted date refers to the date on which the study record was first available on Chinadrugtrials.org.cn or Clinicaltrials.gov. (3) RoW refers to regions other than China and US. (4) Clinical stage refers to the stage of the most advanced clinical trials of a drug; the first posted date refers to the start date of the first clinical trial of a drug according to public information. (5) The clinical stage refers to the latest clinical trials. (6) As to the monotherapy CR column, "No" means that no CR was achieved in a completed or suspended clinical trial. "/" represents there has been no disclosed information about the results of the clinical trials so far. (7) The clinical trials of drug candidates marked as dark-gray have been suspended.

Definitions: *AML refers to Acute Myeloid Leukemia; MDS refers to Myelodysplastic Syndrome; NHL refers to Non-Hodgkin Lymphoma.*

Source: CDE, Clinicaltrials, Company Website, Literature Review, Frost & Sullivan Analysis

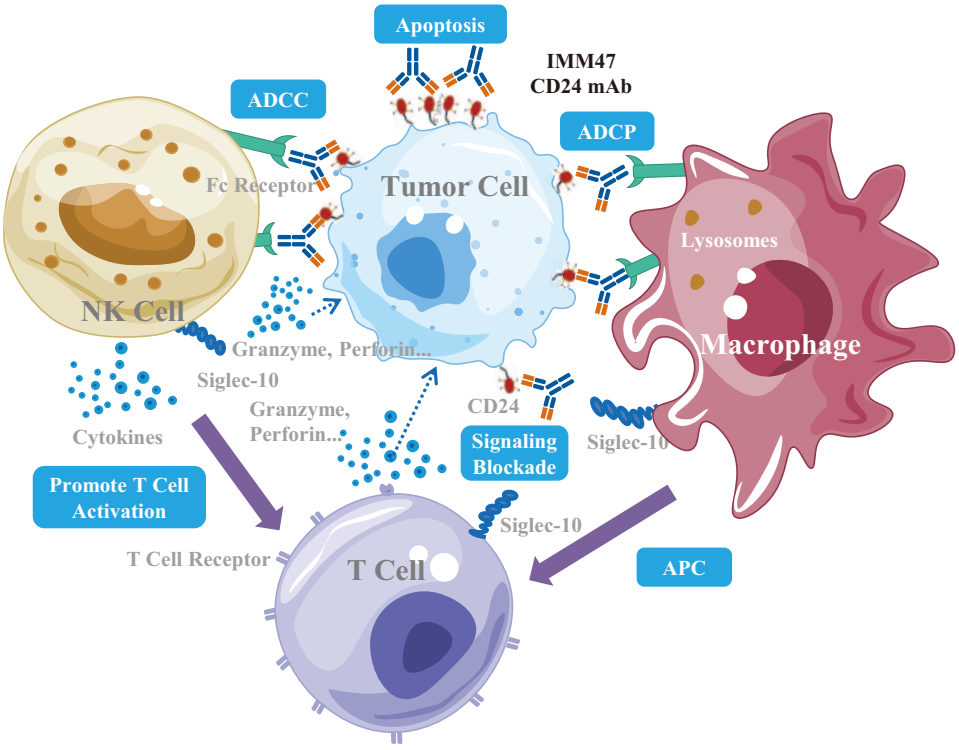
Overview of CD24-targeted Drugs

CD24, another critical innate immune checkpoint, is a highly glycosylated protein with a small protein core that is linked to the plasma membrane via a glycosyl-phosphatidylinositol anchor. It is widely expressed on numerous types of tumor cells, including BC, NSCLC, CRC, HCC, RCC and OC, and has been recognized as an important marker for poor prognosis of those cancers. It is closely related to the occurrence, development, invasion, and migration of tumor cells. CD24 interacts with its ligand, Siglec-10, an inhibitory receptor extensively expressed on the surface of various immune cells including macrophages, NK cells, T cells and B cells. The binding of CD24 and Siglec-10 activates a slew of immune cell inhibitory signal cascades and subsequently blocks the toll-like receptor-mediated inflammation to negatively regulate macrophage, NK cells, T cells and B cells, thus causing immunosuppression. Targeting both innate and adaptive immunity, CD24-targeted drugs present a significant potential in treating a wide range of cancer indications.

Mechanism of blocking the CD24/Siglec-10 signaling pathway

By blocking the CD24/Siglec-10 signaling pathway, a CD24 antibody can suppress the CD24/Siglec-10 inhibitory signals sent to macrophages, NK cells and T cells. Moreover, a well-designed CD24 antibody with potent Fc function is able to fully activate macrophage and NK cell-immune responses through ADCP and ADCC, and induce apoptosis. It may also activate and promote T-cell response likely through tumor antigen presentation by activated macrophages to T cells and direct blockade of CD24/Siglec-10 inhibitory signals. Given the all-around immune responses stimulated by blocking the CD24/Siglec-10 signaling pathway, CD24-targeted bispecific molecules and combination of CD24-targeted therapies and other immunotherapies, such as therapies targeting PD-1/PD-L1, show tremendous synergistic potential. The following diagram illustrates the mechanism of blocking the CD24/Siglec-10 pathway:

Mechanism of Blocking CD24/Siglec-10 Pathway



Source: Frost & Sullivan, Literature Review

Global and China CD24-targeted drugs competitive landscape

According to Frost & Sullivan, there is no approved or clinical-stage drug candidate targeting CD24 worldwide. Recently, Pheast Therapeutics, led by Dr. Amira Barkal and Dr. Irving Weissman, the world's pioneer in CD47, revealed their move into the development of cancer therapies targeting CD24, which is expected to stir a new wave of enthusiasm for this novel next-generation immuno-oncology target across the global biopharmaceutical industry. However, given the relatively weak immunogenicity of CD24 due to its small protein core, the screening and development of monoclonal antibodies against CD24 has been highly challenging. Globally, there are only very few reported CD24-targeted monoclonal antibodies under preclinical development for cancer treatment, including ImmuneOnco's IMM47. In addition, ImmuneOnco is the only company reported to have been developing CD24-targeted bispecific molecules around the world based on publicly available information, according to Frost & Sullivan.

According to Frost & Sullivan, there are two drug candidates targeting Siglec-10 (EXO-CD24/CovenD24 and CD24-Fc/MK-7110)under clinical development for the treatment of COVID-19 globally. Those drug candidates are designed to bind with Siglec-10 to inhibit cytokine secretion and reduce COVID-19 induced immune over-reaction, exhibiting completely different mechanisms from the CD24-targeted therapies, which cannot be applied for cancer treatment.

SELECTED INDICATIONS ANALYSIS

Summary of the Prevalence of Disease Subtypes, Disease Pathways and Treatment Algorithm for the Selected Indications

Disease	Incidence of Disease (thousand people)	Disease Subtypes	Treatment Algorithm			Drug Candidates	Intended Position of the Company's Product Candidates	
			First Line	Second Line	Third Line		Overseas Markets	China Market
Solid Tumors								
NSCLC	RoW / China 2021: 1,926.1 (810.7 / 1,115.4) 2025E: 2,141.4 (920.2 / 1,221.2) 2035E: 2,705.4 (1,187.5 / 1,517.9)	EGFR/ALK/ROS 1 WT	Chemo; VEGFi + Chemo; PD-(L)1 (only for PD-L1 expression) ;PD-(L)-1 + Chemo;	PD-(L)1; Chemo	PD-(L)1; Chemo	IMM01 IMM2520 IMM2902 IMM27M IMM2518	1L; 2L	1L; 2L
		EGFR/ALK/ROS 1 mutation	TKI	TKI	TKI		2L;3L	2L;3L
SCLC	2021: 339.9 (143.1 / 196.8) 2025E: 377.9 (162.4 / 215.5) 2035E: 477.4 (209.6 / 267.9)	/	Chemo + PD-(L)1; Chemo;	Chemo + PD-(L)1; Chemo	/	IMM01 IMM2520	1L; 2L	1L; 2L
BC	2021: 2,301.2 (336.3 / 1,964.9) 2025E: 2,467.2 (355.6 / 2,111.6) 2035E: 2,854.3 (381.5 / 2,472.8)	HER2 positive	HER2-targeted mAb + chemo; TKIs + chemo	TKIs ± Chemo; HER2-targeted ADCs; HER2-targeted mAb + Chemo	TKIs ± Chemo; HER2-targeted ADCs	IMM2902 IMM01 IMM47	1L;2L;3L	1L;2L;3L
		HER2-low expression	Chemo; Chemo + TKIs	Chemo; Chemo + TKIs	Chemo; Chemo + TKIs			
		TNBC	Chemo ± PD-(L)1	Chemo	Trop-2 targeted ADCs			
GC	2021: 1,120.5 (483.9 / 636.6) 2025E: 1,255.6 (545.6 / 710.0) 2035E: 1,623.9 (693.8 / 930.1)	HER2 positive	HER2-targeted mAb + Chemo	HER2-targeted ADCs; Chemo ± VEGFR-2 targeted mAb;	PD-1; Chemo; HER2-targeted ADCs; VEGFR-2 targeted therapies	IMM2902 IMM2520 IMM01	1L; 2L; 3L	1L; 2L; 3L
		HER2 negative & low expression	Chemo ± PD-1; PD-(L)1 (only for dMMR/MSI-H)	Chemo ± VEGFR-2 targeted mAb; PD-(L)1 (only for dMMR/MSI-H)	VEGFR-2 targeted therapies; Chemo			
CRC	2021: 1,928.0 (467.6 / 1,460.4) 2025E: 2,129.5 (528.9 / 1,600.6) 2035E: 2,671.6 (680.7 / 1,990.9)	/	PD-(L)1 (only for MSI-H/dMMR); Chemo ± targeted therapies	PD-(L)1 (only for MSI-H/dMMR); Chemo ± targeted therapies	/	IMM2520 IMM01	1L; 2L	1L; 2L
HNSCC	2021: 951.8 (146.1 / 805.7) 2025E: 1,035.6 (157.2 / 878.4) 2035E: 1,237.4 (179.3 / 1,058.1)	/	PD-1+Chemo; PD-1(only for CPS>=1); Chemo ± targeted therapies	PD-1; Chemo	/	IMM01 IMM2520	1L; 2L	1L; 2L
HCC	2021: 836.6 (388.0 / 448.7) 2025E: 928.6 (427.5 / 501.1) 2035E: 1,171.7 (515.9 / 655.8)	/	Small molecule targeted drugs; Targeted therapies(anti-VEGF) ± PD-(L)1	Small molecule targeted drugs; PD-1	/	IMM2520 IMM2510 IMM2518	1L; 2L	1L; 2L
ESCC	2021: 559.4 (269.0 / 290.3) 2025E: 626.9 (305.6 / 321.3) 2035E: 803.4 (391.6 / 411.8)	/	PD-(L)1 + Chemo; Chemo	PD-(L)1; Chemo	/	IMM2520	1L; 2L	1L; 2L
Hematologic Malignancies								
NHL	2021: 556.2 (95.2 / 461.0) 2025E: 606.0 (105.2 / 500.9) 2035E: 735.8 (128.8 / 607.0)	B-cell NHL	CD20 targeted therapies + Chemo;	CD20 targeted therapies + Chemo; BTKi; CD20xCD3 bsAb	CD20 targeted therapies + Chemo; BTKis; CD20xCD3 bsAb	IMM0306	1L;2L;3L	1L;2L;3L
		NK-cell/T-cell NHL	Chemo; Radio	HDACi; PD-(L)1; PD-(L)1 + HDACi	HDACi; PD-(L)1; PD-(L)1 + HDACi	IMM01	2L	2L
cHL	2021: 84.1 (6.9 / 77.2) 2025E: 88.4 (7.2 / 81.1) 2035E: 100.2 (7.8 / 92.4)	/	Chemo; Radio	PD-(L)1 ± Chemo	PD-(L)1 ± Chemo	IMM01	3L	3L
AML	2021: 168.9 (30.4 / 138.6) 2025E: 180.9 (32.3 / 148.6) 2035E: 211.8 (36.8 / 175.0)	Fit AML	Intensive Chemo; Chemo + Targeted therapies (FLT3i, CD33i)	Chemo; Targeted therapies (CD33i)	/	IMM01	2L	2L
		Unfit AML	Low intensive chemo; Targeted therapies (BCL-2i) + chemo	/	/		1L	1L
MDS/CMML	2021: 291.7 (23.0 / 268.7) 2025E: 317.3 (24.7 / 292.6) 2035E: 387.4 (29.4 / 358.0)	HR-MDS/CMML	HMAs, Chemo. HSCT	HMAs + targeted therapies (BCL-2i, IDH1/2i); Chemo + HMAs	HMAs + targeted therapies (BCL-2i, IDH1/2i); Chemo + HMAs	IMM01	1L	1L
		LR-MDS/CMML	Immunomodulators; HMAs	/	/	/	/	/
MM	2021: 180.6 (21.7 / 158.9) 2025E: 198.6 (24.5 / 174.1) 2035E: 244.8 (30.7 / 214.1)	/	Target therapies ±Immunomodulator ± Chemo, ASCT	Target therapies ±Immunomodulator ± Chemo, ASCT	Target therapies ±Immunomodulator ± Chemo, ASCT	IMM01	≥4L	≥4L

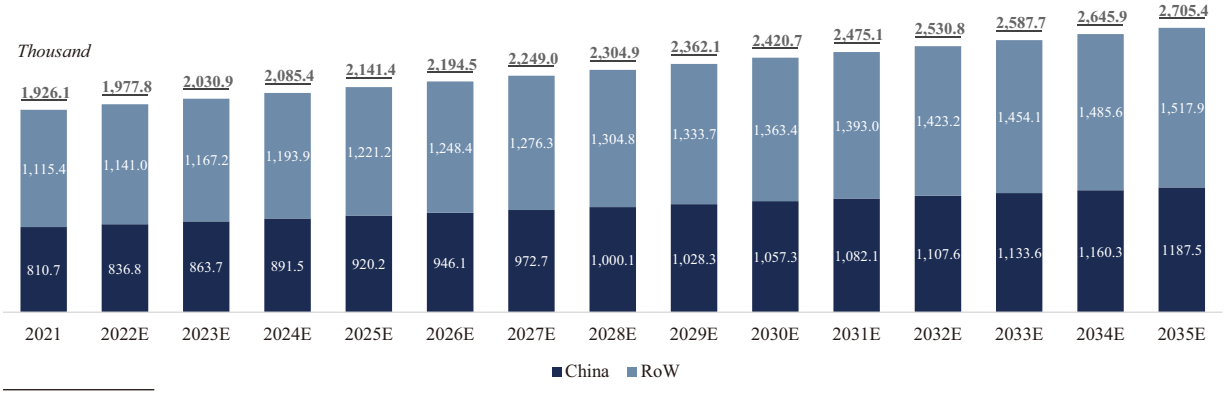
Notes: (1) TKI refers to tyrosine kinase inhibitors; Chemo refers to chemotherapy; Radio refers to radiotherapy; WT refers to wild type; HMAs refers to hypomethylating agents; HSCT refers to hematopoietic stem cell transplant; 1L, 2L, 3L and 4L refer to the first line, the second line, the third line and the fourth line respectively; ADC refers to antibody drug conjugate; mAb refers to monoclonal antibody; dMMR/MSI-H refers to deficient DNA mismatch repair/microsatellite instability-high; CPS refers to combined positive score; bsAb refers to bispecific antibody; BTKi refers to bruton tyrosine kinase inhibitor; HDACi refers to histone deacetylase inhibitor; FLT3i refers to FLT3 inhibitor; CD33i refers to CD33 inhibitor; BCL-2i refers to BCL-2 inhibitor; IDH1/2i refers to IDH1/2 inhibitor; TNBC refers to triple negative breast cancer; NHL refers to Non-Hodgkin lymphoma; AML refers to acute myeloid leukemia; HR-MDS/CMML refers to higher risk myelodysplastic syndrome/chronic myelomonocytic leukemia. (2) The drug candidates listed below are being evaluated or have potential to target respective indications.

Solid Tumors

Non-Small-Cell Lung Cancer

Lung cancer is one of the leading causes of cancer-related mortality in China and worldwide. NSCLC is the most prevalent lung cancer and accounts for 85% of all lung cancer cases. The chart below demonstrates historical and projected incidences of NSCLC in China and around the world for the periods indicated:

China and Global Incidence of NSCLC, 2021–2035E



Note: RoW refers to all countries and regions in the world except China.
Source: *NCCR, Frost & Sullivan*

A majority of patients with NSCLC present with advanced or metastatic disease at the time of diagnosis. For those patients diagnosed with late-stage NSCLC, chemotherapy or radiotherapy combined with targeted therapy is commonly used as the standard of care. Since some targeted therapies only work in cancer cells with specific genetic mutations and certain immuno-oncology therapies such as PD-1/PD-L1 inhibitors show limited efficacy, significant unmet medical needs persist across this large patient population.

EGFR/ALK/ROS1 wild-type NSCLC accounts for almost 65% of all NSCLC cases. For EGFR/ALK/ROS1 wild-type NSCLC, platinum-based chemotherapy had long been recommended as the standard treatment for a majority of this group. With the emergence of immuno-oncology therapies and anti-angiogenic therapies, PD-1/PD-L1 inhibitors (such as pembrolizumab) and angiogenesis inhibitors (such as bevacizumab) also become available treatment options for those patients. However, PD-1/PD-L1 inhibitor monotherapy has only shown convincing benefits in patients with ≥1% tumor cells expressing PD-L1, which subgroup accounts for less than one quarter (24.4%) of the entire NSCLC population. Even within this subgroup, the response rate of PD-1/PD-L1 inhibitor monotherapy is merely 27% in the first-line setting. The relatively low response rate is possibly due to insufficient immune activation in "cold tumors." Given the limited efficacy of current immunotherapies, there remains an urgent need for the development of more effective next-generation immunotherapies, and synergistic combinations of immunotherapies and angiogenesis inhibitors or targeted therapies (such as HER2-targeted therapies) for NSCLC.

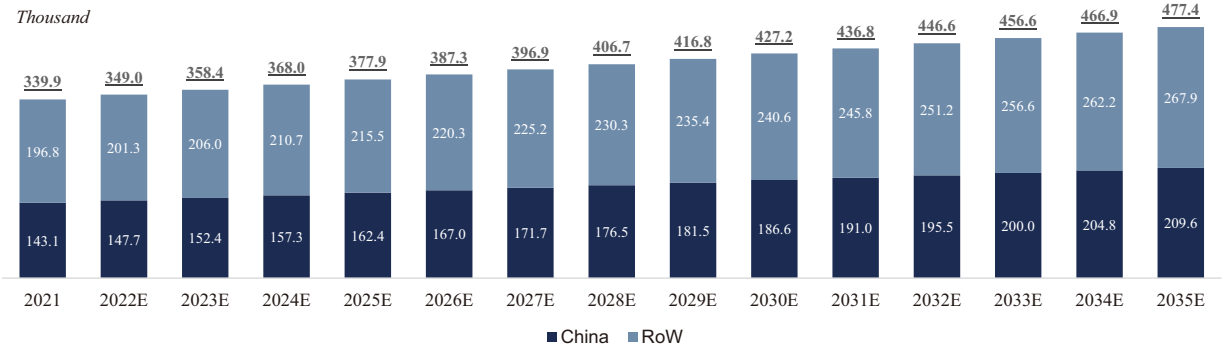
While targeted therapies, such as EGFR tyrosine kinase inhibitors (TKIs), show good efficacy in treating NSCLC harboring EGFR mutations, all the patients treated with EGFR TKIs will eventually develop acquired drug resistance, and patients with relapsed or refractory disease are left with limited effective treatment options. Similarly, while there are also TKIs specifically targeting ALK and ROS1 mutations of NSCLC, their long-term efficacy is limited due to inevitable drug resistance. Moreover, PD-1/PD-L1 inhibitors only demonstrate modest efficacy targeting this group of patients. Thus, the development of novel immunotherapies, including bispecific molecules and combination therapies, may be a promising strategy to address clinical needs of those patients.

Research has revealed that the activation of innate immunity can promote T cell responses in "cold tumors" or non-T cell-inflamed immune-suppressive TME by recruiting T cells to the TME and presenting tumor-specific antigens. Such synergistic effects between innate and adaptive immunities provide a compelling scientific rationale for dual-targeting of critical innate and adaptive immune checkpoints. Moreover, since the overexpression of innate immunity-related ligands, such as CD47 and CD24, is correlated with poor prognosis of NSCLC, therapies harnessing both immune systems and their potential combination with angiogenesis inhibitors or targeted therapies are expected to improve the treatment outcome and bring significant clinical benefits for NSCLC patients with limited response to PD-1/PD-L1 inhibitors.

Small Cell Lung Cancer

SCLC accounts for 15% of all lung cancer cases and is most commonly diagnosed in patients with histories of heavy smoking. In general, SCLC grows aggressively and is highly metastatic, resulting in a high mortality rate. The chart below illustrates historical and projected incidences of SCLC in China and around the world for the periods indicated:

China and Global Incidence of SCLC, 2021–2035E



Note: RoW refers to all countries and regions in the world except China.
Source: *NCCR, Frost & Sullivan*

Due to the asymptomatic nature and rapid progression of the disease, most SCLC patients are diagnosed at the late stage with distant metastases, or so-called the extensive stage. Given the high level of heterogeneity of SCLC, developing targeted drugs for this disease has been challenging because of the lack of common and actionable oncogenic drivers. After several decades, chemotherapy remains the front-line standard of care regimen for extensive-stage SCLC. Unfortunately, although patients with extensive-stage SCLC are generally responsive to initial chemotherapy regimens, most of them will eventually relapse due to drug resistance.

In recent years, the combination of PD-1/PD-L1 inhibitors (including atezolizumab, durvalumab and serplulimab) and chemotherapy has also been recommended for the treatment of extensive-stage SCLC in first and/or later-line settings. However, treatment benefits offered by this

combination therapy are not satisfactory. Clinical trial results of atezolizumab and durvalumab, which are approved PD-1/PD-L1 inhibitors, showed only around two-month improvement in median overall survival (mOS) compared with chemotherapy alone (12.3-13.0 months vs. 10.3 months).

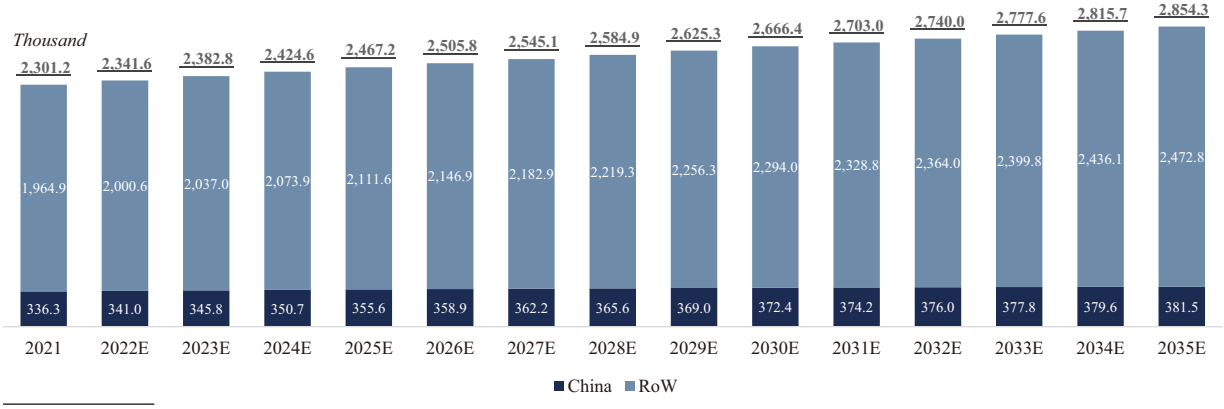
Additionally, most patients demonstrate either primary or rapid acquired resistance to current regimens, and very few drugs are approved as effective for second-line treatment of SCLC. Without effective treatment options, the prognosis of patients with SCLC is dismal with an mOS of 4 to 5 months.

Limitations of current regimens highlight the clear need to improve effectiveness and expand the scope of current therapeutic strategies. Considering the lack of widely expressed oncogenic drivers and corresponding targeted therapies for SCLC, the development of next-generation immuno-therapy presents a promising direction to improve the treatment results in SCLC. Macrophage infiltration and expression of CD47 and CD24 are found to be high in SCLC, and the upregulation of CD47 or CD24 has been a major mechanism exploited by tumor cells to evade immune attack. The clinical benefits of targeting CD47/SIRPα pathway for the treatment of SCLC have also been validated. Since the activation of macrophages can enhance T-cell response through the crosstalk of innate and adaptive immunities, combination therapies and bispecific molecules targeting both CD47 or CD24 and PD-1/PD-L1 may produce encouraging efficacy and achieve better outcomes in the majority of SCLC patients who are not responsive to PD-1/PD-L1 inhibitors. Such novel therapies may also have the potential to advance towards the first-line treatment for SCLC.

Breast Cancer

BC is cancer that forms in the cells of the breasts. BC is the most prevalent type of cancer in women and became the most common cancer globally as of 2021. The chart below illustrates historical and projected incidences of BC in China and around the world for the periods indicated:

China and Global Incidence of BC, 2021–2035E



Note: RoW refers to all countries and regions in the world except China.
Source: *NCCR, Frost & Sullivan*

Human epidermal growth factor receptor 2 (HER2) is a gene that can play a critical role in the development of BC. HER2 expression level has long served as a key indicator for selecting medical treatment of BC patients. Based on their HER2 expression levels, BC patients can be categorized into three subgroups: HER2-positive (IHC3+, IHC2+ and ISH+), HER2-low expressing (IHC1+, IHC2+ and ISH-) and HER2-negative (IHC0).

Approximately 50% of all BC cases exhibit a low-level expression of HER2. In contrast to HER2-positive tumors, tumors with HER2-low expression generally do not respond to HER2-targeted antibodies, such as HERCEPTIN® (trastuzumab), and thus the clinical significance of low-level HER2 expression had been underappreciated for several decades. Until recently, there had only been one treatment approved specifically for HER2-low expressing BC, *i.e.*, ENHERTU® (trastuzuab deruxtecan), a novel HER2-targeted antibody-drug conjugate (ADCs) agent. Trastuzumab deruxtecan was approved by the FDA for HER2-positive BC in 2019 and HER2-low expressing BC in 2022. Clinical results showed that trastuzumab deruxtecan resulted in an encouraging ORR of 52.3% in HER2-low expressing group. At the same time, severe adverse events, such as interstitial lung disease and even fatal events, were reported to be associated with trastuzumab deruxtecan, raising certain safety concerns. Given the substantial proportion of patients with HER2-low expressing BC, targeting this group with highly specific and effective therapies presents a promising prospect and large market opportunities.

As to HER2-positive BC, HER2-targeted antibodies, such as trastuzumab and PERJETA® (pertuzumab), in combination with chemotherapy and TKIs, such as pyrotinib and TUKYSA® (tucatinib), are recommended as the standard of care for first-line and second-line treatments. However, most patients eventually develop resistance to current regimes, as exemplified by the only 7.2 months of median time to progression (TTP) for BC patients treated with trastuzumab. Although HER2-targeted ADCs (e.g., trastuzumab deruxtecan) were approved for relapsed disease, they have been reported to cause severe adverse events. For example, trastuzumab deruxtecan was reported to result in interstitial lung disease with an occurrence rate of 9% and a high fatality rate of 4.3%. Therefore, there remain unfilled needs for safer and more effective treatment targeting HER2-positive BC that relapsed after frontline regimens.

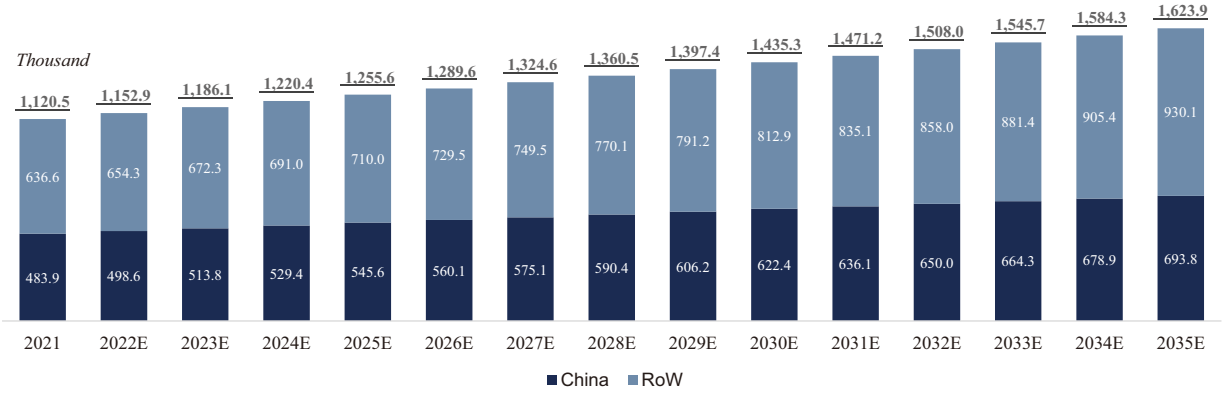
For advanced triple negative BC (TNBC), in addition to chemotherapy, PD-1/PD-L1 inhibitors (such as pembrolizumab) combined with chemotherapy and novel Trop2-directed ADCs, such as TRODELVY® (sacituzumab govitecan), are also recommended as the standard treatment. However, the combination of pembrolizumab and chemotherapy can only benefit a small subgroup of TNBC patients (less than 19%) with high PD-L1 expression (combined positive score (CPS)≥ 10), and it has exhibited limited efficacy with a median progression-free survival (mPFS) of 9.7 months. Additionally, sacituzumab govitecan showed limited improvement of progression-free survival in HR+/HER2- BC compared to chemotherapy and is reported to cause severe adverse events (such as 52% of Grade 3 and 4 neutropenia), suggesting significant unmet medical needs.

To address the significant unmet needs of BC patients, the quest to develop novel precision medicine strategies continues. Notably, since CD47 and CD24 are commonly overexpressed in BC and are important biomarkers for poor prognosis, immuno-oncology therapies targeting innate immunity, and their combination with PD-1/PD-L1 inhibitors or HER2-targeted therapies emerge as attractive solutions with the potential to improve the clinical outcomes for different subtypes of BC.

Gastric cancer

GC is a common cancer that begins in the stomach. GC was the second most common type of cancer in China in 2021. The chart below illustrates historical and projected incidences of GC in China and around the world for the periods indicated:

China and Global Incidence of GC, 2021–2035E



Note: RoW refers to all countries and regions in the world except China.
Source: *NCCR, Frost & Sullivan*

Since the awareness of early screening and detection of GC remains low in China, most cases are not diagnosed until it progresses into advanced stage and becomes metastatic disease, resulting in a high mortality rate of GC patients. Clinically, HER2 has been established as one of the most critical predictive biomarkers for the treatment of metastatic GC. Based on the HER2 expression level, GC cases are mainly categorized as HER2-positive (IHC3+, IHC2+ and ISH+) and HER2-negative (IHC0) in the treatment guideline. While the expression level of "IHC1+, IHC2+ and ISH-" is not clearly defined in the guideline, it is commonly referred to as "HER2-low expression" in academic research and clinical practices, and this new concept has emerged and proved to predict the responses to certain novel HER2-targeted therapies.

More than 25% of all GC cases have low-level HER2 expression. Despite the large population, this group has not been identified as a distinct clinical entity from HER2-negative tumors since specific and effective treatment options for this group are lacking. For HER2-low expressing and HER2-negative GC, chemotherapy alone or in combination with immuno-oncology therapy (e.g., PD-1 inhibitor) is the standard frontline treatment, and chemotherapy is a major option for second-line treatment. Since the survival improvement of PD-1/PD-L1 inhibitors combined with chemotherapy in this group is modest (mPFS of 7.7 months) and PD-1/PD-L1 inhibitors as monotherapy can only be used for a small subset of this group (e.g., deficient DNA mismatch repair (dMMR)/microsatellite instability-high (MSI-H) patient who account for 10% to 20% GC patients), there are still urgent needs to develop more efficacious combination therapies of immunotherapies and targeted therapies or angiogenesis inhibitors for the treatment of HER2-low expressing and HER2-negative GC.

For HER2-positive GC, HER2-targeted antibodies (e.g., trastuzumab) in combination with chemotherapy is recommended as the standard treatment in the first-line setting. It is inevitable that most patients eventually relapse or become refractory to the treatment of trastuzumab. For relapsed GC patients, traditionally chemotherapy is the major option for their treatment. Recently, novel HER2-targeted ADCs (e.g., trastuzumab deruxtecan) and VEGFR-2 targeted antibodies (e.g. CYRAMZA®, ramucirumab) in combination with chemotherapy have also been approved to be used in second-line treatment of HER2-positive GC. When the disease further progressed, chemotherapy, targeted therapies (e.g. AITAN®, apatinib), PD-1 antibodies (e.g. OPDIVO®, nivolumab), and HER2-targeted ADCs (e.g. AIDIXI®, disitamab vedotin) can be used for third-line treatment. While novel HER2-targeted ADCs show meaningful responses in HER2-positive GC

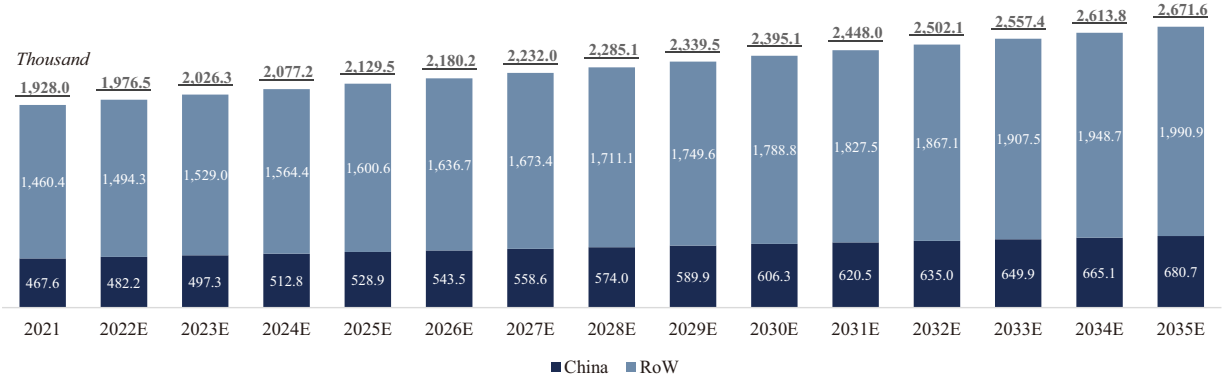
patients who have previously received trastuzumab therapy, those ADCs are typically associated with severe side effects, such as interstitial lung disease and even deaths. Moreover, the improvement in OS and PFS by ADCs is limited. For instance, in patients with locally advanced or metastatic gastric or gastroesophageal junction adenocarcinoma who have progressed after at least two prior treatment regimens, ENHERTU® only showed limited survival benefits compared to chemotherapy (mOS: 12.5 months vs. 8.4 months; mPFS: 5.6 months vs. 3.5 months).

The addition of immuno-oncology therapies to HER2-targeted agents or angiogenesis inhibitors through combination or bispecific strategies may offer new hope to patients with HER2-low expressing and HER2-negative GC, as well as GC patients who had progressed after the first-line treatment. Macrophages are pervasively present in gastrointestinal (GI) tumors, including GC, CRC and ESCC. CD47 and CD24, key macrophage checkpoints, have been recognized as important biomarkers for poor prognosis in GC. Thus, novel agents targeting CD47 and CD24 are rational combination partners for HER2-targeted agents or PD-1/PD-L1 inhibitors for the treatment of HER2-low expressing and HER2-negative GC given their ability to induce strong innate immune responses and boost integrated immune reaction.

Colorectal Cancer

CRC includes all types of cancers that begin in the colon and rectum. The chart below illustrates historical and projected incidences of CRC in China and around the world for the periods indicated:

China and Global Incidence of CRC, 2021–2035E



Note: RoW refers to all countries and regions in the world except China.
Source: *NCCR, Frost & Sullivan*

Early-detection rate of CRC in China is markedly low for a number of reasons, and 89% of CRC cases are diagnosed at a late stage. For late-stage CRC, chemotherapy or chemotherapy combined with targeted therapies, such as bevacizumab and ERBITUX® (cetuximab), are recommended for standard first- and later-line treatments. Additionally, for a small fraction of patients with MSI-H/dMMR phenotype, PD-1/PD-L1 inhibitors (e.g., pembrolizumab) are recommended for use in the first- and second-line settings.

However, since the efficacy of currently available treatments is modest, the five-year survival rate of patients with late-stage CRC is merely about 10%. Particularly, the disease lacks effective medications to slow or stop its course after treatment failure has occurred with initial standard treatment owing to toxicity or progression. In the absence of alternative therapies, the initial treatment drugs are often reused in patients who have progressed with this regimen in routine clinical practice, although response to and survival benefits of second-line chemotherapy (combined with targeted therapy) are usually very limited. In addition, a substantial majority of CRC patients do not respond to PD-1/PD-L1 inhibitors, possibly due to "cold tumors" or non-T cell-inflamed immune-suppressive TME. PD-1 inhibitors are currently only approved for CRC

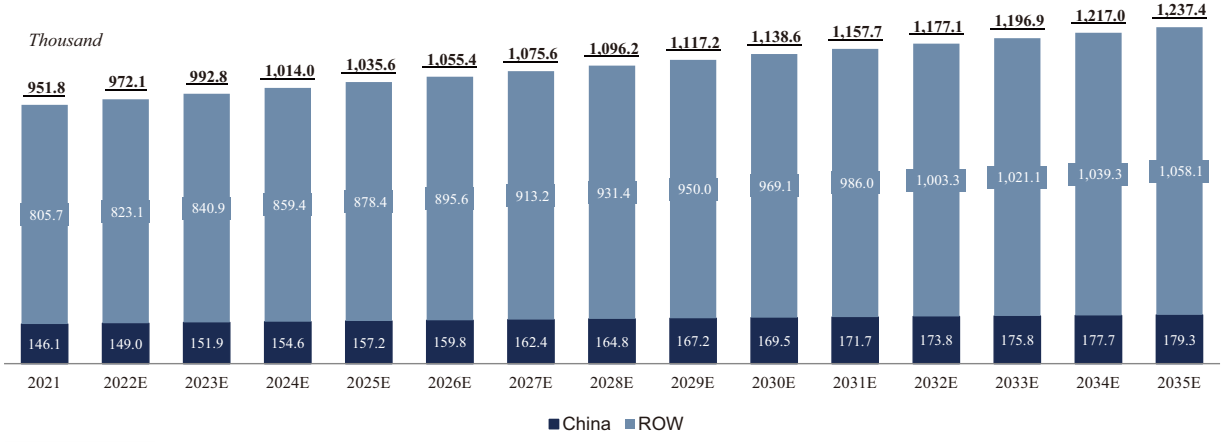
patients with MSI-H/dMMR, accounting for less than 5% of late-stage CRC patients, while in general CRC patients, PD-1 inhibitor monotherapy merely produced weak responses with ORR below 10%.

In spite of decades-long efforts, developing targeted therapies for improved treatment of late-stage CRC still faces significant challenges since many of the key oncogenic drivers are not amenable to targeted therapy. Meanwhile, immuno-oncology therapy has demonstrated promising efficacies and good tolerance in GI-related cancers in recent years and can possibly also bring new options to CRC patients. Although PD-1/PD-L1 inhibitors are not efficient enough by themselves, the combination of PD-1/PD-L1 inhibitors with innate immuno-therapy may offer enhanced responses in metastatic CRC based on preclinical and clinical data. Macrophages are pervasively present in GI cancers, including CRC, GC and ESCC. CD47 and CD24, key macrophage checkpoints widely expressed on colorectal cancer cells, are found to be important biomarkers for poor prognosis. Therefore, targeting CD47 or CD24 can activate macrophages in tumor tissues to directly kill cancer cells and further enhance T cell responses by transforming the "cold tumors" into "hot tumors." The addition of macrophage-targeted therapies to PD-1/PD-L1 inhibitors is thus expected to enhance the responses of PD-1/PD-L1 inhibitors in a broader CRC patient population and achieve improved treatment outcomes.

Head and Neck Squamous Cell Carcinomas

HNSCC develop from the mucous membranes of the mouth, nose, and throat and are the most common cancer that arises in the head and neck region. The chart below illustrates historical and projected incidences of HNSCC in China and around the world for the periods indicated:

China and Global Incidence of HNSCC, 2021–2035E



Notes: (1) The incidence of HNSCC in the chart includes, among others, oral cancer, oropharyngeal cancer, laryngeal cancer, hypopharyngeal cancer, nasopharyngeal cancer; (2) RoW refers to all countries and regions in the world except China.

Source: *NCCR, Frost & Sullivan*

For patients with metastatic HNSCC, recommended first-line treatment options include chemotherapy, targeted therapy (e.g., cetuximab), PD-1 inhibitors, and chemotherapy combined with targeted therapy or PD-1 inhibitors. In second-line treatment, PD-1 inhibitor monotherapy (e.g., pembrolizumab and nivolumab) and chemotherapy are recommended. Despite the use of these treatment options, survival rates for metastatic HNSCC are still considerably low, indicating a need for more effective therapeutics.

Although immuno-oncology therapy presents a promising approach to treat HNSCC, currently available immuno-oncology therapies produce poor responses in a majority of HNSCC patients. In the first-line setting, the application of PD-1/PD-L1 inhibitors as monotherapy is limited to 23% of HNSCC patients who have PD-L1 expression (CPS≥1). In this selected population with PD-L1

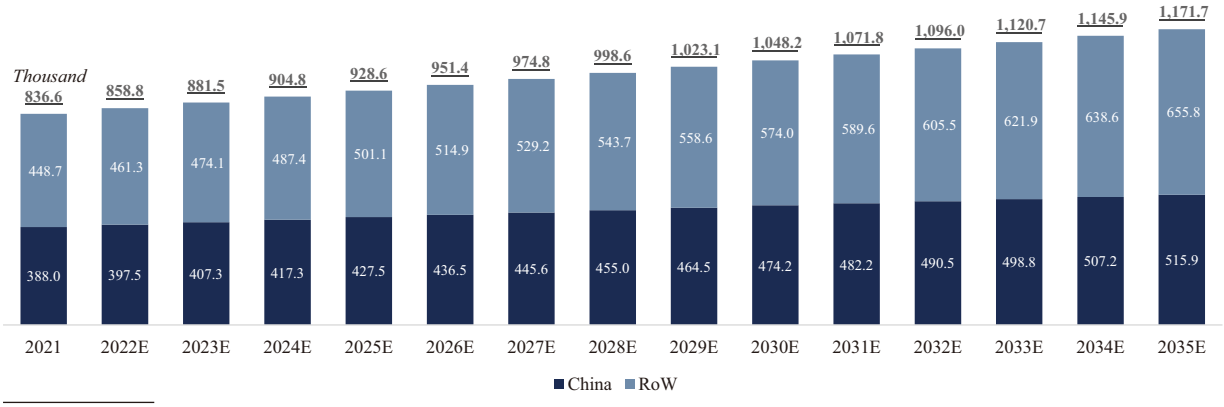
expression, the response rates to PD-1 treatment are still relatively low. According to publicly reported data, the ORR was only 19% with PD-1/PD-L1 inhibitors as single agent. When used in first-line treatment for broad HNSCC patients, PD-1/PD-L1 inhibitors combined with chemotherapy showed limited survival benefits compared to cetuximab combined with chemotherapy (mOS: 13.0 months vs. 10.7 months). For patients who have progressed on first-line treatment, the ORR of PD-1/PD-L1 inhibitors was even lower, only reaching 13.3% to 16%.

Novel combination strategies showed great promise to improve the responses to PD-1 treatment and achieve better efficacy in HNSCC. CD47, as a critical macrophage checkpoint, plays a broad role in cancer immune evasion. With wide distribution of macrophages in HNSCC, a CD47-targeted therapy with potent IgG1 Fc effector function can further promote T-cell infiltration by fully activating macrophages and facilitating their crosstalk with T cells, thus improving the responsiveness to PD-1/PD-L1 inhibitors and inducing phagocytosis of tumor cells by activated macrophages. In contrast, those CD47-targeted therapies without Fc effector function could only generate limited therapeutic benefits. For example, ALX Oncology's ALX-148 (a CD47-targeted SIRPα-Fc fusion protein with an inert IgG1 Fc) in combination with pembrolizumab and chemotherapy only showed a 3% improvement in the ORR compared to the combination of pembrolizumab and chemotherapy (39% vs. 36%) for the first-line treatment of HNSCC in its reported clinical trial. Given the synergistic effects of CD47-targeted therapy and PD-1/PD-L1 inhibitors, the combination of these two agents can potentially produce potent and integrated immune responses in HNSCC patients who do not respond to PD-1/PD-L1 inhibitors and provide a new option for metastatic disease without effective treatments.

Hepatocellular Carcinoma

HCC accounts for 85% of all liver cancer cases. It occurs most often in people with chronic liver diseases, such as cirrhosis caused by hepatitis B or hepatitis C infection, and it is a leading cause of death in people with cirrhosis. The chart below illustrates historical and projected incidences of HCC in China and around the world for the periods indicated:

China and Global Incidence of HCC, 2021–2035E



Note: RoW refers to the rest of the world except China.
Source: *NCCR, Frost & Sullivan*

Therapeutic options for HCC are generally determined based on disease staging. For late-stage HCC, systemic therapies are primarily recommended for first- and second-line treatments, two major classes of which are small molecule targeted drugs, such as NEXAVAR® (sorafenib), LENVIMA® (lenvatinib) and immune checkpoint inhibitors (e.g., PD-1/PD-L1 inhibitors). The corresponding combination therapies of targeted drugs or immune checkpoint inhibitors are also commonly used in first- and second-line treatments.

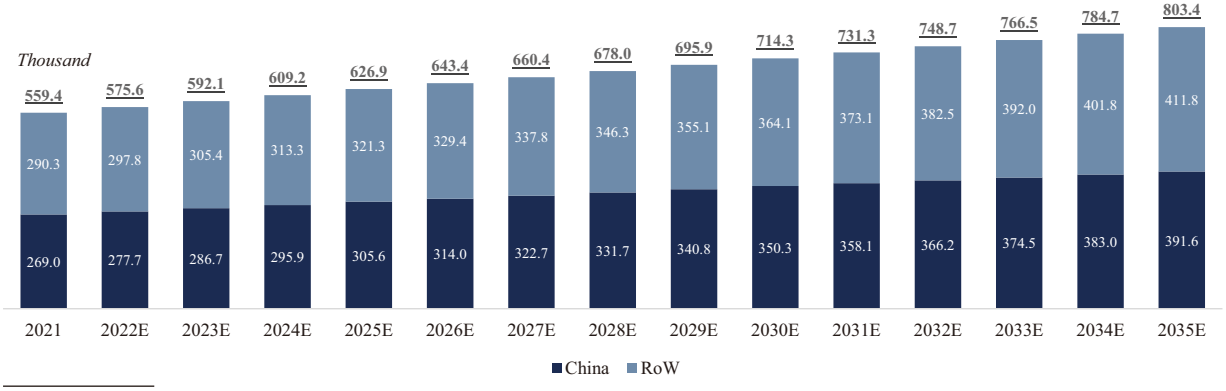
Due to the limited clinical outcomes associated with small molecule targeted drugs, PD-1/PD-L1 inhibitors have been introduced in the first- and second-line settings to improve treatment outcomes for HCC patients in recent years. However, current immuno-oncology therapy regimens still fail to yield material progression-free and overall survival benefits. For example, although the combination of a PD-1/PD-L1 inhibitor and anti-VEGF therapy, such as atezolizumab or sintilimab plus bevacizumab, has demonstrated certain efficacy (an overall mPFS of around 4 months), there is still room for improvement, indicating a need for more effective combination or bispecific strategies. When it comes to second-line treatment, treatment options become fewer and are usually less effective. For relapsed disease, both PD-1 inhibitors, such as pembrolizumab and BAIZE'AN® (tislelizumab), and small-molecule targeted therapy, such as STIVARGA® (regorafenib), only produced ORRs under 17% in monotherapy clinical trials.

The unsatisfactory efficacies of current regimens suggest the dire need for the development of more effective therapeutic strategies. As CD47 and CD24, key macrophage checkpoints, have both been found closely correlated with poor prognosis of HCC, and macrophages are widely distributed in HCC tissues, CD47/CD24-targeted immuno-oncology therapy is expected to work synergistically with PD-1/PD-L1 inhibitors to generate robust immune responses and bring differentiated clinical benefits for HCC patients. Therapies harnessing both the innate and adaptive immune systems and the combinations of immuno-oncology therapies and angiogenesis inhibitors have the potential to address the significant unmet medical needs in HCC.

Esophageal Squamous Cell Carcinoma

ESCC is the predominant histological subtype of esophageal cancer (EC), accounting for approximately 90% of EC cases. The chart below shows historical and projected incidences of ESCC in China and around the world for the periods indicated:

China and Global Incidence of ESCC, 2021–2035E



Note: RoW refers to all countries and regions in the world except China.
Source: *NCCR, Frost & Sullivan*

The treatment options for ESCC are still inadequate with a poor prognosis due to the limited knowledge of pathology and genetic drivers for ESCC resulting from its high mutational load. For advanced ESCC, PD-1/PD-L1 inhibitors, such as AIRUIKA® (camrelizumab) and pembrolizumab, in combination with chemotherapy or as monotherapy have been primarily indicated in both the first-line and second-line settings.

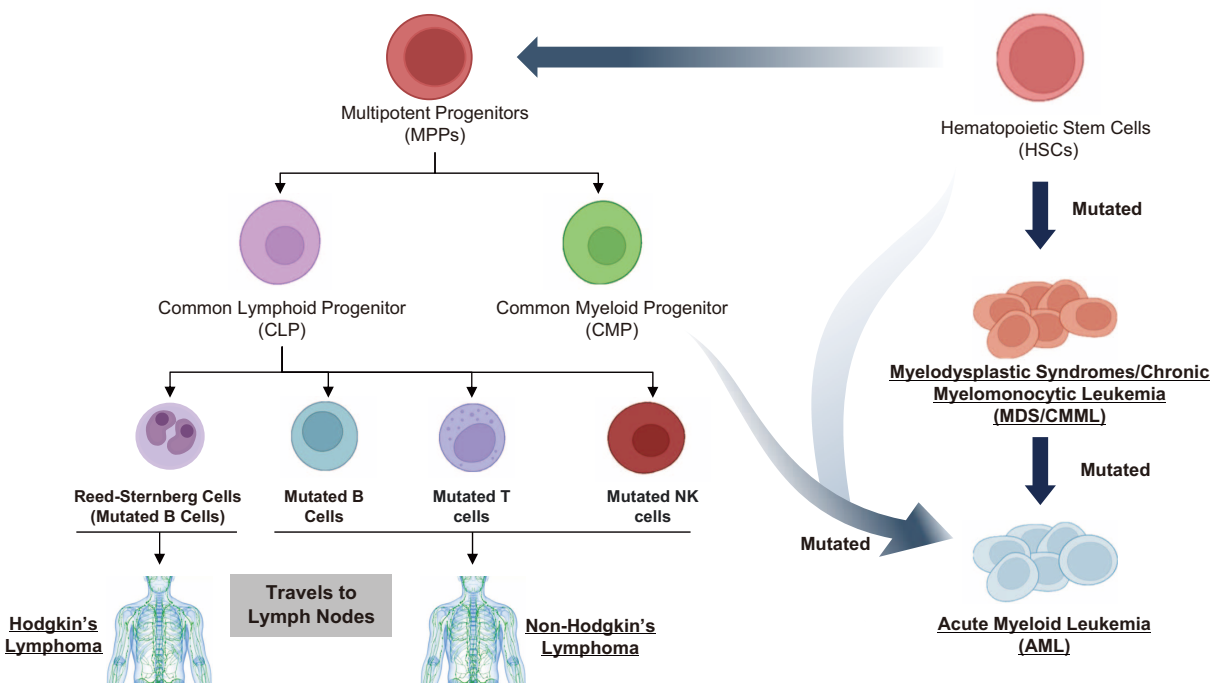
However, the PD-1/PD-L1 inhibitor-based combination therapies can only provide limited benefits for patients with advanced ESCC. For example, the combination of pembrolizumab and chemotherapy merely increased the mPFS to 6.3 months from 5.8 months of chemotherapy alone. Further, the mOS of patients treated with this combination therapy was only 12.4 months, compared to 9.8 months when chemotherapy used alone.

The paucity of specific driver gene and corresponding targeted drugs urges the development of innovative strategies to improve the response rates of PD-1/PD-L1 inhibitors in treating ESCC. By fully eliciting potent innate and adaptive immune responses, CD47/CD24-targeted therapies combined with PD-1 inhibitors have shown immense promise in overcoming the limitations of current available treatment options. Furthermore, the wide and abundant distribution of macrophage in ESCC tumor tissues, as well as the high correlation of CD47/CD24 overexpression with poor prognosis, implies huge market potential for CD47/CD24-targeted therapies.

Hematologic Malignancies

Hematologic malignancies, also known as blood cancers, include NHL, HL, MDS/CMML and AML that stem from the abnormal differentiation of hematopoietic stem cells (HSCs) in the bone marrow.

Overview and Classification of Hematologic Malignancies

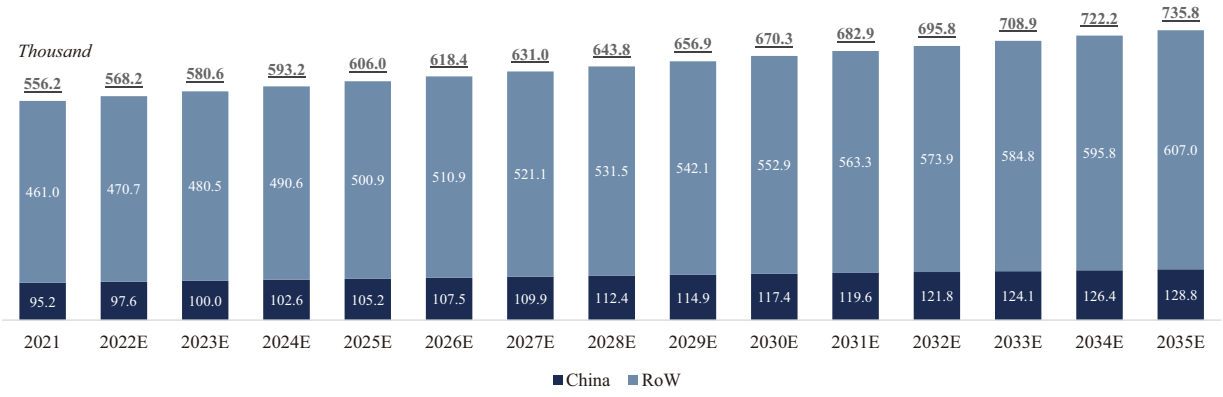


Source: Literature Review, Frost & Sullivan analysis

Non-Hodgkin Lymphoma

NHL, accounting for over 80% of lymphomas, is an umbrella term for a group of independent diseases with diverse heterogeneity developed from the lymphatic system, which can be divided into B-cell NHL and NK-cell/T-cell NHL. B-cell NHL accounts for approximately 85% of NHL cases and includes, among others, DLBCL, mantle cell lymphoma (MCL), follicular lymphoma (FL) and chronic lymphocytic leukemia (CLL). NK-cell/T-cell NHL includes NK/T cell lymphoma (NKTCL) and PTCL. The duration of medical treatment for NHL is relatively long considering its five-year OS rate of roughly 69% to 72%. Approximately 50% of NHL patients will eventually progress to R/R NHL due to drug resistance, leaving few effective treatment options. The chart below shows historical and projected incidences of NHL in China and around the world for the periods indicated:

China and Global Incidence of NHL, 2021–2035E



Note: RoW refers to all countries and regions in the world except China.
Source: *NCCR, Frost & Sullivan*

For B-cell NHL, CD20 antibody (such as rituximab) combined with chemotherapy is the main treatment option covering the first and following lines. This combination is also primarily recommended for treating R/R B-cell NHL but only has limited efficacy. In addition, emerging targeted drugs, such as BTK inhibitors (e.g., IMBRUVICA® (ibrutinib), BRUKINSA® (zanubrutinib) and orelabrutinib) are also recommended for certain types of B-cell NHL, including CLL, DLBCL and MCL, although the disease will eventually progress due to drug resistance. Although mosunetuzumab (a novel CD20×CD3 bispecific molecule) has been approved for the treatment of R/R FL in the EU and the U.S., this drug is associated with severe safety concerns, including 44.4% of CRS reported in its clinical trials. The second-line or later-line treatment options for certain R/R lymphoma indications, such as FL, are still limited due to the lack of effective treatment with balanced safety and efficacy.

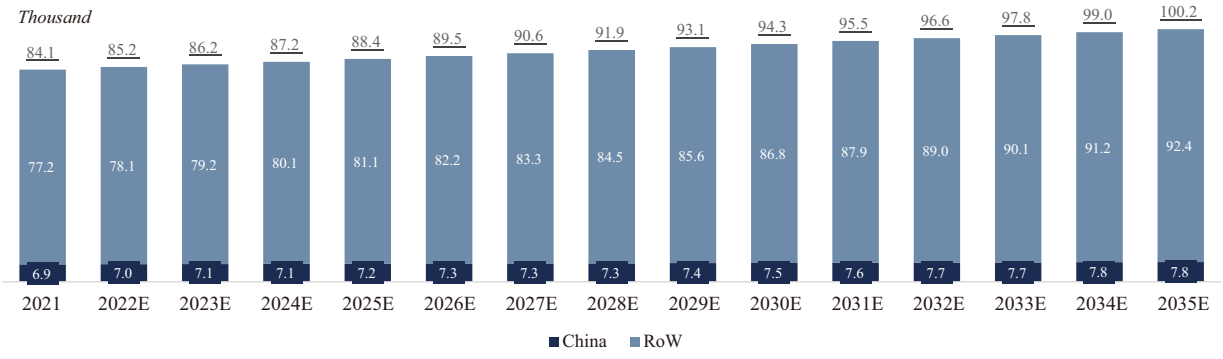
For NK-cell/T-cell NHL, chemotherapy and radiotherapy are primarily recommended. As current treatment options are insufficient, although not officially approved by the FDA or the NMPA, PD-1/PD-L1 inhibitors alone or in combination with histone deacetylase inhibitor (HDACi, such as chidamide) are commonly used for R/R NKTCL due to their efficacy, indicating certain unmet needs in availability. Although HDACi is recommended for treating certain subtypes of R/R PTCL, its median duration of response (DOR) stays relatively low at 9.9 months. Thus far, the practically available treatment options for R/R PTCL remain largely limited to chemotherapy, indicating a substantial unmet medical need.

As tumor-infiltrating macrophages constitute the major component for the TME of NHL and high expression of CD47 (often correlated with poor prognosis in multiple NHL subtypes) has been identified on NHL cells, bispecific strategies targeting macrophage checkpoints, such as CD47, in addition to CD20 show immense potential to achieve enhanced tumor killing effects compared to CD20 antibodies as the mainstay treatment of NHL.

Classical Hodgkin Lymphoma

Classical Hodgkin Lymphoma (cHL) is a malignancy of the immune system, accounting for over 90% of HL. The malignant cHL cells not only limit the presentation of tumor antigens, but also hamper the antitumor immune responses by secreting immune-suppressive cytokines. The chart below shows historical and projected incidences of HL in China and around the world for the periods indicated:

China and Global Incidence of HL, 2021–2035E



Note: RoW refers to all countries and regions in the world except China.
Source: *NCCR, Frost & Sullivan*

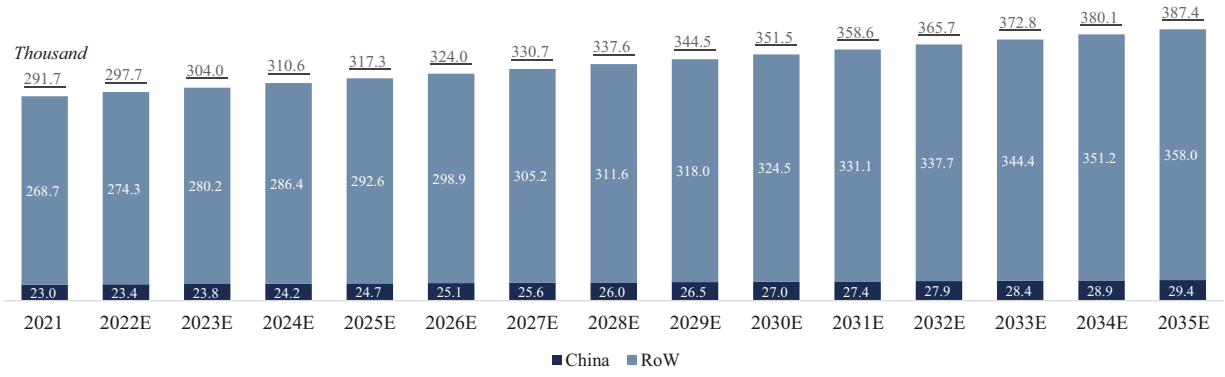
Chemotherapy and radiotherapy are mainly recommended for the first-line treatment of cHL. For R/R cHL, PD-1/PD-L1 inhibitors (e.g., sintilimab, tislelizumab, camrelizumab, nivolumab, and pembrolizumab) alone or in combination with chemotherapy are mainly recommended. Despite the fact that PD-1/PD-L1 inhibitors have shown good efficacy in R/R cHL, as demonstrated by an ORR of 66% achieved by pembrolizumab monotherapy, patients who had relapsed or progressed after PD-1/PD-L1 inhibitors are left with very limited treatment options, presenting unmet medical needs to be addressed.

As CD47 is commonly overexpressed in cHL, novel CD47-targeted drugs or its combination with PD-1/PD-L1 inhibitors could offer new prospects for those R/R cHL patients previously treated with PD-1/PD-L1 inhibitors, thus addressing a significant unmet medical need.

Myelodysplastic Syndrome/Chronic Myelomonocytic Leukemia

MDS is a type of myeloid neoplastic disease with gradual expansion of malignant hematopoietic clones leading to normal hematopoietic failure. CMML is a clinically heterogeneous disorder with poor prognosis, which was once classified as a type of MDS according to the French-American-British classification. The chart below shows historical and projected incidences of MDS/CMML in China and around the world for the periods indicated:

China and Global Incidence of MDS/CMML, 2021–2035E



Note: RoW refers to all countries and regions in the world except China.
Source: *NCCR, Frost & Sullivan*

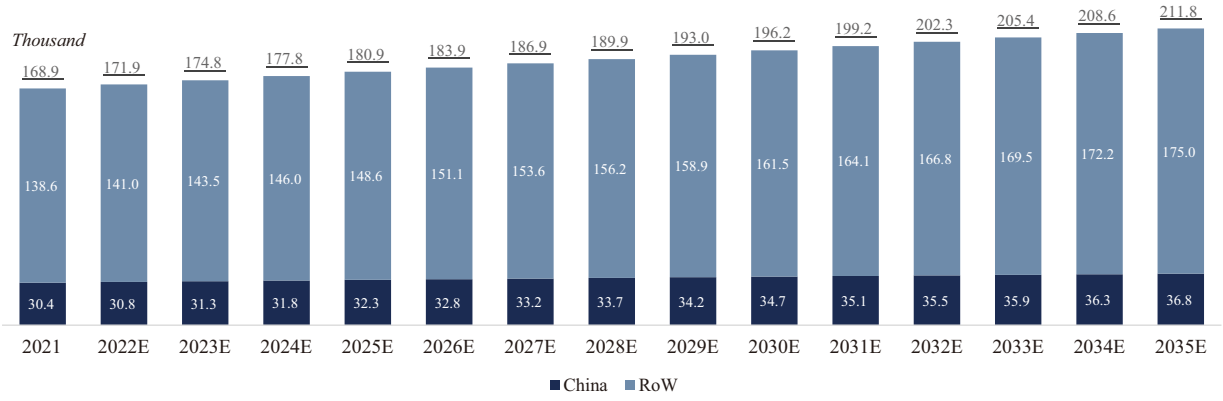
Currently, patients with MDS/CMML are treated based on risk assessment on an individual basis. Immunomodulators and hypomethylating agents can be deployed for patients with lower-risk MDS/CMML due to different clinical presentation. In contrast, MDS/CMML patients with relatively higher risk have a poor prognosis and are prone to AML transformation, thus requiring high-intensity treatment, such as hypomethylating agents (e.g., azacitidine and decitabine), chemotherapy and hematopoietic stem cell transplantation (HSCT). However, the clinical application of HSCT in MDS patients is limited due to multiple factors, such as its high relapse rate, difficulty in finding an ideal match, and significant cost. Most patients will relapse and progress to higher-risk (HR) MDS/CMML as the existing medical treatments are not curative. Initial responses of patients with HR MDS/CMML to the standard of care (e.g. hypomethylating agents) in the first-line treatment are limited to 40% to 50% and often short-lived, leaving unmet needs for more effective treatment options in the first-line setting.

Since MDS/CMML cells can evade immune attack through the upregulation of inhibitory ligands, such as CD47 which is an important biomarker for poor prognosis, strategies targeting CD47 could offer promising solutions for the treatment of HR MDS/CMML. Gilead's magrolimab in combination with azacitidine has achieved an ORR of 75% in its U.S. trial for the first-line treatment of MDS with intermediate to very high risk. However, safety issues remain a major concern of CD47 antibodies due to their severe blood toxicity observed in clinical trials. Thus, the combination of CD47-targeted therapies with potent efficacy and balanced safety profile and azacitidine will be a promising therapeutic option in addressing the unmet needs of MDS/CMML patients in China and worldwide.

Acute Myeloid Leukemia

AML is a disorder characterized by uncontrolled proliferation of undifferentiated myeloid precursor cells, which leads to the accumulation of immature myeloid cells and myeloblasts in the bone marrow and peripheral blood. The chart below shows historical and projected incidences of AML in China and around the world for the periods indicated:

China and Global Incidence of AML, 2021–2035E



Note: RoW refers to all countries and regions in the world except China.
Source: *NCCR, Frost & Sullivan*

Treatment outcomes for AML vary across patients in different age groups due to age-related physical conditions. Elderly patients generally experience shorter survival and face higher risk of treatment-related toxicity. Thus, the management of AML is dependent on the tolerability of individual patients for intensive antileukemic therapy.

Intensive chemotherapy is commonly recommended for AML patients with good physical conditions. When these AML patients have identifiable biomarkers, such as FLT3 gene mutation and CD33 protein expression, targeted drugs including FLT3 inhibitors (e.g., midostaurin) and CD33 inhibitors, such as MYLOTARG® (gemtuzumab ozogamicin), can be used to improve the treatment outcome. However, only a certain subgroup of patients can benefit from these targeted drugs. For instance, approximately 30% of AML patients with FLT3 mutation can be treated by FLT3 inhibitor, such as XOSPATA® (gilteritinib). Thus, solutions with improved efficacy and response rates are urgently needed to fill in the current first-line treatment paradigm for AML patients with good physical conditions.

For frail/unfit AML patients with poor physical conditions, low-intensity chemotherapy alone or combined with BCL-2 targeted inhibitor, such as VENCLEXTA® (venetoclax), is approved for the first-line treatment. However, the mOS of this combination therapy was only 14.7 months. Thus, there are considerable unmet needs for developing more efficacious therapies to treat AML patients.

Since CD47 is highly expressed in AML and is a biomarker for poor prognosis, strategies targeting innate immunity has strong potential to fulfill those unmet needs. The synergistic effects of CD47-targeted therapies and azacitidine have been validated in global clinical trials. For instance, Gilead's magrolimab has achieved great efficacy in the first-line treatment of AML with an ORR of 49% when used in combination with azacitidine. However, CD47 antibodies are generally associated with safety issues, including severe blood toxicity, as exemplified by the partial suspension of certain clinical trials for magrolimab as discussed above. Thus, those CD47-targeted drug candidates with better safety profiles could be an effective therapeutic option for treating AML.

OVERVIEWS OF LAWS AND REGULATIONS IN THE PRC

The section summarizes the principal PRC laws, rules and regulations that are relevant to our business.

Drug Regulatory Regime

Primary Regulatory Authorities

Drug regulatory regime in China consists of the Standing Committee of the National People's Congress (全國人民代表大會常務委員會, the "**SCNPC**"), the State Council and several ministries and agencies under its authority including, among others, the National Medical Product Administration (國家藥品監督管理局, the "**NMPA**"), the predecessor of which is China Food and Drug Administration (國家食品藥品監督管理總局, the "**CFDA**"), the National Health Commission (國家衛生健康委員會, the "**NHC**"), the predecessor of which is the National Health and Family Planning Commission of the PRC (國家衛生和計劃生育委員會), and the National Healthcare Security Administration (國家醫療保障局).

The NMPA, which inherits the drug supervision function from its predecessors, the CFDA, is the primary drug regulatory authority. The NMPA is responsible for drug registration and supervision, including non-clinical research, clinical trial, marketing approval, production, circulation, etc. under the supervision of State Administration for Market Regulation (the "**SAMR**," the predecessors of which is State Administration of Industry and Commerce, an institution for supervising and administrating the market in China).

The NHC is the chief healthcare regulator of the PRC, which is primarily responsible for drafting national healthcare policies and regulating public health, medical services and health contingency system, coordinating the healthcare reform and supervising the operation of medical institutions and practicing of medical personnel.

The National Healthcare Security Administration (a new authority established in May, 2018 in accordance with *the Institutional Reform Program of the State Council* (國務院機構改革方案)) is responsible for drafting and implementing policies, plans and standards on medical insurance, maternity insurance and medical assistance; administering healthcare fund; formulating a uniform medical insurance catalogue and payment standards on drugs, medical disposables and healthcare services; formulating and administering the bidding and tendering policies for drugs and medical disposables.

Laws and Regulations Relating to Drugs

Drug Administration Laws and Regulations

The PRC Drug Administration Law (中華人民共和國藥品管理法) (the "***Drug Administration Law***") promulgated by the SCNPC on September 20, 1984, and amended on February 28, 2001, December 28, 2013, April 24, 2015 and August 26, 2019, and *the Implementing Measures of the PRC Drug Administration Law* (中華人民共和國藥品管理法實施條例) (the "***Drug Administration Law Implementing Measures***") issued by the State Council on August 4, 2002, and amended on February 6, 2016 and March 2, 2019 have together laid down the legal framework for the administration of drugs, including the research, development, manufacturing and business operation of new drugs, and administer the pharmaceutical manufacturing enterprises, pharmaceutical trading enterprises, and medicinal preparations of medical institutions, and the development, research, manufacturing, distribution, packaging, pricing and advertisements of drugs.

Non-Clinical Research and Animal Testing

The SAMR requires preclinical data to support registration applications for imported and domestic drugs. According to *the Administrative Measures for Drug Registration* (藥品註冊管理辦法), non-clinical drug safety studies shall comply with *the Good Laboratory Practice for Non-clinical Laboratory Studies* (藥物非臨床研究質量管理規範) (the "**GLP**"). The GLP was issued by the CFDA on August 6, 2003 and latest revised on July 27, 2017 to improve the quality of non-clinical research, and the good laboratory practice has been implemented since September 1, 2017. Pursuant to *the Circular on Administrative Measures for Certification of Good Laboratory Practice for Non-clinical Laboratory Studies* (關於印發藥物非臨床研究質量管理規範認證管理辦法的通知) issued by the CFDA on April 16, 2007, the NMPA is responsible for the certification of non-clinical research institutions nationwide, while the local provincial medical products administrative authorities is in charge of the daily supervision of non-clinical research institution. The NMPA decides whether an institution is qualified for undertaking non-clinical pharmaceutical research by evaluating such institution's organizational administration, research personnel, equipment and facilities, and the operation and administration of non-clinical pharmaceutical projects. A GLP Certificate will be issued by the NMPA if all the relevant requirements are satisfied, which will also be published on the NMPA's website. Any entity without such certification must engage a qualified third party to conduct such non-clinical activities regulated under relevant laws and regulations.

Pursuant to *the Administrative Regulations on Experimental Animals* (實驗動物管理條例) issued by the State Science and Technology Commission on November 14, 1988, and latest amended on March 1, 2017 by the State Council, *the Administrative Measures on Good Practice of Experimental Animals* (實驗動物質量管理辦法) jointly issued by the State Science and Technology Commission and the State Bureau of Quality and Technical Supervision on December 11, 1997, and *the Administrative Measures on the Certificate for Experimental Animals (Trial)* (實驗動物許可證管理辦法(試行)) issued by the Ministry of Science and Technology and other regulatory authorities on December 5, 2001, using and breeding experimental animals shall be subject to certain rules, and performing experiments on animals requires a Certificate for Use of Experimental Animals. Any entity without such certification must engage a qualified third party to conduct such non-clinical activities regulated under relevant laws and regulations.

Approval and Reform for Clinical Trials of New Drugs

Pursuant to *the Drug Administration Law*, *the Drug Administration Law Implementing Measures* and *the Administrative Measures for Drug Registration* issued by the SAMR on January 22, 2020 which became effective on July 1, 2020, new drug registration applications are subject to clinical trials. The Center for Drug Evaluation (the "**CDE**"), an institution under the NMPA, is responsible for the applications for clinical trials of new drugs.

The NMPA has taken certain measures to improve the efficiency for approving clinical trial applications, and enhanced the extent of supervising and implementation of *the Good Clinical Practice for Drug Trials* (藥物臨床試驗質量管理規範) (the "**PRC GCP**"), to ensure the completeness of the data. The PRC GCP was issued by the CFDA on August 6, 2003 and was latest revised by the NMPA and the NHC, which took effect from July 1, 2020.

The Opinions of the State Council on the Reform of Evaluation and Approval System for Drugs and Medical Devices (國務院關於改革藥品醫療器械審評審批制度的意見) issued by the State Council on August 9, 2015, established a reform framework of the evaluation and approval system for drugs and medical devices, and indicated the tasks of enhancing the standards of approval for drug registration, accelerating the evaluation and approval process for innovative drugs, and improving the approval for clinical trials of drugs, etc.

The Announcement of the CFDA on Several Policies on the Evaluation and Approval of Drug Registration (國家食品藥品監督管理總局關於藥品註冊審評審批若干政策的公告) issued by the CFDA on November 11, 2015, further simplified the approval process of drugs that the IND of new drugs are subject to one-off umbrella approval instead of declaration, evaluation and approval by stages.

On October 8, 2017, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued *the Opinions on Deepening the Reform of the Evaluation and Approval System and Encouraging Innovation of Drugs and Medical Devices* (關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見), aiming to simplify the clinical trial procedures and shorten the time. For new drugs and medical devices urgently needed in clinical practice and drugs and medical devices used for the treatment of rare diseases, the evaluation and approval procedures for marketing shall be accelerated.

According to *the Announcement of the NMPA on Adjusting the Evaluation and Approval Procedures for Clinical Trials of Drugs* (國家藥品監督管理局關於調整藥物臨床試驗審評審批程序的公告) issued by the NMPA on July 24, 2018, which took effect therefrom, within 60 days from the acceptance of the IND and relevant fees paid up, if the applicant has not received any negative or questioning opinion from the CDE, the applicant may conduct the clinical trials for drugs pursuant to the protocol submitted.

The Priority Evaluation and Approval Procedures for Marketing Approvals of Drugs (Trial) (藥品上市許可優先審評審批工作程序(試行)) issued by the NMPA on July 7, 2020, further indicated that a fast track IND or drug registration pathway will be available to the innovative drugs.

International Multi-Center Clinical Trials

Pursuant to *the International Multi-Center Clinical Trial Guidelines (Trial)* (國際多中心藥物臨床試驗指南(試行)) issued by the CFDA on January 30, 2015 and effective from March 1, 2015, applicants may simultaneously conduct clinical trials in different centers of multiple regions using the same clinical trial protocol, or conduct regional clinical trials simultaneously in multiple centers in different countries within a certain region using the same protocol. Where the data derived from the international multi-center clinical trials are to be used for application for a drug registration in the PRC, it shall satisfy the requirements for clinical trials set forth in *the Administrative Measures for Drug Registration*. Where the applicants plan to conduct the international multi-center clinical trials in the PRC, it shall comply with *the Drug Administration Law*, *the Drug Administration Law Implementing Measures* and *the Administrative Measures for Drug Registration* and other relevant laws and regulations, to carry out the PRC GCP with reference to international recognized principles such as the ICH-GCP, and to meet the requirements of the laws and regulations of the relevant countries at the same time.

The NMPA issued *the Technical Guiding Principles for the Acceptance of Overseas Clinical Trial Data of Drugs* (接受藥品境外臨床試驗數據的技術指導原則) on July 6, 2018, to guide work related to the acceptance of overseas clinical trial data as clinical evaluation reference by the applicants applying for the registration of drugs in the PRC.

Clinical Trial Registration of Drugs

According to *the Administrative Measures for Drug Registration*, upon obtaining the approval of IND, the applicant shall, prior to conducting the clinical trials of the drugs, register the information in relation to the clinical trial protocol on the registration and information publication platform for clinical trials of drugs.

Pursuant to *the Announcement on the Drug Clinical Trial Information Platform* (關於藥物臨床試驗信息平台的公告) issued by the NMPA on September 6, 2013, for all the clinical trials approved by the NMPA and conducted in the PRC, the applicants shall log in the registration and information publication platform for clinical trials of drugs to register, and publish the information of, the clinical trials. The applicant shall complete the pre-registration of the trials within one month after obtaining the approval for the IND, so as to obtain the unique registration number for the trial, and complete the registration of follow-up information before the enrollment of the first subject. If the applicant fails to complete the first submission and publication within one year after obtaining the approval for the IND, the applicant shall submit an explanation; if the applicant fails to complete the first submission and publication within three year after obtaining the approval for the IND, the approval for the IND will expire automatically.

Phases of Clinical Trials and Communication with the CDE

According to *the Technical Guiding Principles for Clinical Trials of Antineoplastic Drugs* (抗腫瘤藥物臨床試驗技術指導原則) issued by the CFDA on May 15, 2012, the clinical study of antineoplastic drugs usually consists of Phases I, II and III clinical trials. The primary objectives of Phase I clinical trials are the preliminary study of drug tolerance and pharmacokinetics, so as to provide data support for the design of dosage regimen in later-stage research. Phase II clinical trials are mainly exploratory studies, such as the exploration of drug administration dose, medication scheme and efficacy on tumors, as well as the observation of safety. Phase III clinical trials are intended to further confirm the clinical benefits for tumor patients on the basis of Phase II study, so as to provide sufficient evidence for obtaining the marketing approval.

According to *the Administrative Measures for Drug Registration*, based on the drug's characteristics and the purpose of research, clinical trials of drugs consist of Phase I, II, III and IV clinical trials, as well as the bioequivalence trials, which include clinical pharmacological research, exploratory clinical trials, confirmatory clinical trials and post-marketing research.

On November 19, 2021, the CDE issued *the Clinical Value-oriented Guiding Principles on the Clinical Study for Antineoplastic Drugs* (以臨床價值為導向的抗腫瘤藥物臨床研發指導原則), which offered suggestions on the clinical study of antineoplastic drugs from the perspective of patients' demands, in order to instruct the applicants to implement the clinical value-oriented and patient-centered study concepts during the clinical study, and provided references for the promotion of the scientific and orderly development of antineoplastic drugs.

Clinical Trials shall be conducted in accordance with the provisions of the PRC GCP, including the preparation for clinical trials, clinical trial protocols, responsibilities of sponsors and investigators, and protection of subjects, etc.

According to *the Circular on Adjusting the Evaluation and Approval Procedures for Clinical Trials of Drugs* (關於調整藥物臨床試驗審評審批程序的公告), where the clinical trials of a new drug has been approved, upon the completion of Phase I and II clinical trials and prior to Phase III clinical trials, the applicant shall apply to the CDE for a communication session, to discuss with the CDE the key technical issues including the design of Phase III clinical trials.

Pursuant to *the Administrative Measures for Communication on Drug Development and Technical Reviews* (藥物研發與技術審評溝通交流管理辦法) issued by the CDE on December 10, 2020 and effective therefrom, during the research and development, and application for registration stages of innovative drugs, the applicants may propose communication sessions with the CDE. The forms of communication can be face-to-face conference, video conference, telephone conference or written reply. The communication sessions are classified into three types. Type I sessions are held to address the key safety issues in the clinical trials of drugs and the key technical issues in the research and development of breakthrough therapeutic drugs. Type II sessions are held during the key research and development stages of drugs, mainly including the sessions held prior to the

application of IND, the sessions held upon completion of Phase II clinical trials and prior to commencement of Phase III clinical trials of new drugs, the sessions held prior to application for marketing approvals of new drugs, and the risk evaluation and control sessions. Type III sessions are those sessions not falling into the categories of Type I or II sessions.

Filings for Gathering and Collecting Human Genetic Resources

To effectively protect and rationally utilize the human genetic resources in the PRC, the Ministry of Science and Technology and the Ministry of Health (the "**MOH**") jointly issued *the Interim Administrative Measures on Human Genetic Resources* (人類遺傳資源管理暫行辦法) on June 10, 1998. According to *the Service Guidance for the Administrative Licensing Items of Collection, Gathering, Trading, Export or Exit of Human Genetic Resources* (人類遺傳資源採集、收集、買賣、出口、出境審批行政許可事項服務指南) issued by the Ministry of Science and Technology on July 2, 2015 and effective therefrom, and *the Notice on Implementing the Administrative Licensing for Collection, Gathering, Trading, Export and Exit of Human Genetic Resources* (關於實施人類遺傳資源採集、收集、買賣、出口、出境行政許可的通知) issued by the Ministry of Science and Technology on August 24, 2015 and effective therefrom, the collection, gathering or research activities of human genetic resources participated by a foreign-invested sponsor falls within the scope of international cooperation, and the cooperating PRC organization shall apply for the approval of the China Human Genetic Resources Management Office via the online system. On October 26, 2017, the Ministry of Science and Technology issued *the Circular on Optimizing the Procedures for the Administrative Examination and Approval of Human Genetic Resources* (關於優化人類遺傳資源行政審批流程的通知), which became effective on December 1, 2017, simplifying the procedures for the examination and approval for collection and gathering of human genetic resources for marketing a drug in the PRC.

Pursuant to *the Administrative Regulations on Human Genetic Resources of the PRC* (中華人民共和國人類遺傳資源管理條例) issued by the State Council on May 28, 2019 which became effective on July 1, 2019, in order to obtain marketing approvals for the relevant drugs and medical devices in the PRC, no approval is required in the event international cooperating clinical trials are conducted at clinical institutions using the human genetic resources of the PRC but not involving the exit of human genetic resource materials. However, the cooperating parties shall file with the administrative department of science and technology under the State Council the type, quantity and purpose of the human genetic resources intended to be used prior to conducting clinical trials.

On October 17, 2020, the SCNPC promulgated *the Biosecurity Law of the PRC* (中華人民共和國生物安全法) (the "***Biosecurity Law***") which became effective on April 15, 2021, establishing a comprehensive legislative framework on the current regulations in the areas including epidemic control of human, animal and plant infectious diseases, security of biotechnology research, development and application, biosafety management of pathogenic microbiology laboratories, security management of human genetic resources and biological resources, countermeasures against microbial resistance and prevention of bioterrorism and threat of biological weapons. According to *the Biosecurity Law*, the high-risk and medium-risk biotechnology research and development activities shall be carried out by legal entities lawfully established in the PRC, and shall be approved or filed; the establishment of a pathogenic microbiology laboratory shall be lawfully approved or filed; (i) collecting human genetic resources of important genetic families or specific areas in the PRC, or collecting human genetic resources of which the types and quantities are subject to provisions of the competent department of science and technology under the State Council, (ii) preserving human genetic resources of the PRC, (iii) using human genetic resources of the PRC to carry out international scientific research cooperation, or (iv) transporting, mailing or exiting human genetic resource materials of the PRC, shall be approved by the competent department of science and technology.

On March 21, 2022, the Ministry of Science and Technology issued *the Implementing Rules of the Administrative Regulations on Human Genetic Resources (for Public Comments)* (人類遺傳資源管理條例實施細則(徵求意見稿)) (the "***Human Genetic Resources Implementing Rules***") for public comments, which provided specific provisions on the collection, preservation, utilization and external provision of human genetic resources of the PRC. As of the Latest Practicable Date, *the Human Genetic Resources Implementing Rules* has not been officially issued and implemented.

Regulations relating to New Drug Approval

According to *the Administrative Measures for Drug Registration*, upon completion of pharmacological and toxicological studies, clinical trials and other research supporting the marketing registration of drugs, determination of quality standards, completion of validation of commercial-scale production processes, and preparation for acceptance of verification and inspection for drug registration, the applicant may apply for the New Drug Approval (the "**NDA**"). The NMPA shall evaluate the application pursuant to applicable laws and regulations. The applicant must obtain the NDA before the drugs can be manufactured and sold in the PRC. If (i) a drug is used for the treatment of severe life-threatening diseases currently lacking effective treatment and the data of clinical trials of the drug can prove the efficacy and forecast the clinical value of the drug; (ii) a drug which is urgently needed for public health and the data of clinical trials of the drug can show the efficacy and forecast the clinical value of the drug; or (iii) a vaccine which is urgently needed to deal with major public health emergencies or deemed to be urgently needed by the NHC, and by assessment the benefit of the vaccine outweighs the risk, the applicant may apply for the conditional NDA during the clinical trials of the drug or vaccine.

According to *the Administrative Provisions on Special Examination and Approval of New Drug Registration* (新藥註冊特殊審批管理規定) issued by the CFDA on January 7, 2009 and effective therefrom, the special examination and approval by the CFDA for new drug registration applications applies when (i) the effective constituent extracted from plants, animals or minerals, etc. or the preparations thereof have never been marketed in the PRC, or the medicinal materials are newly discovered or the preparations thereof; (ii) the chemical raw medicines or the preparations thereof, or the biological products have not been approved for marketing either in the PRC or aboard; (iii) the new drugs are for the treatment of such diseases as AIDS, malignant tumors or rare diseases with distinctive clinical treatment advantages; or (iv) the new drugs are for the treatment of the diseases currently lacking effective treatment. Under the circumstances of (i) or (ii), the drug registration applicant (the "**Applicant**") may apply for the special examination and approval when submitting the application for clinical trials of the new drug; while, under the circumstances of (iii) or (iv), the Applicant may only apply for the special examination and approval when applying for production. The CFDA shall, based on the application of the Applicant, give priority to those registration applications which are determined in compliance with the aforementioned conditions after examination during the registration process, and enhance the communication with the Applicant.

On November 11, 2015, the NMPA issued *the Circular on Several Policies of the Review and Approval of Drug Registrations* (關於藥品註冊審評審批若干政策的公告), which provided fast-track clinical trial approvals and drug registration pathways for the following new drug applications: (i) registration of innovative drugs for the prevention or treatment of HIV, malignant tumors (cancers), severe infectious diseases and rare diseases; (ii) registration of pediatric drugs; (iii) registration of geriatric drugs for the treatment of diseases specially or commonly contracted by the senior population; (iv) registration of drugs listed in national major science and technology projects or national key research and development plan; (v) registration of innovative drugs using advanced technology or innovative treatment methods, or having distinctive clinical benefits; (vi) registration of foreign innovative drugs to be manufactured locally in China; (vii) concurrent applications for the clinical trials of new drugs which have been already approved in the United States or the European Union, or concurrent drug registration applications for drugs which are in the process of applying for marketing approvals and have passed onsite inspections by the

competent review and approval authorities of drugs of the United States or the European Union, and are manufactured with the same production line in the PRC; and (8) clinical trial applications for drugs with urgent clinical need and patent expiry within three years, and applications for manufacturing approvals of drugs with urgent clinical need and patent expiry within one year.

In addition, on May 17, 2018, the NMPA and the NHC jointly issued *the Circular on Issues Concerning Optimizing the Review and Approval of Drug Registrations* (關於優化藥品註冊審評審批有關事宜的公告), which further simplified and accelerated the drug review and approval process.

On July 7, 2020, the NMPA issued *the Working Procedures for Priority Review and Approval of Drug Marketing Approvals (Trial)* (藥品上市許可優先審評審批工作程序(試行)), which provided that during the clinical trials of drugs, for innovative drugs or improved new drugs for the prevention or treatment of severe life-threatening or life-quality-affecting diseases currently lacking effective prevention or treatment method or having obvious clinical advantages compared to the existing treatment method shown by sufficient evidence, the applicant may apply for the application of the procedures for breakthrough therapeutics during Phase I or II clinical trials, and usually no later than the Phase III clinical trials.

Drug Manufacturing License

Pursuant to *the Drug Administration Law*, a drug manufacturer must obtain a drug manufacturing license from the provincial medical products administration authority before manufacturing drugs. Prior to granting drug manufacturing licenses, the relevant governmental authorities shall inspect the applicant's production facilities and decide whether the sanitary conditions, quality assurance system, management structure and equipment of such facilities have met the required standards. Each drug manufacturing license will be valid for five years and the manufacturer is required to apply for renewal of the license within six months prior to the expiration date and the authorities shall reassess such application of renewal in accordance with the current legal and regulatory requirements.

GMP

The World Health Organization encourages the adoption of GMP standards in the drug production, in order to minimize the risks of failure to pass the finished product tests in the drug production.

The MOH first issued *the Guidelines on Good Manufacturing Practices* (藥品生產質量管理規範) on March 17, 1988, which was later revised on December 28, 1992. After its establishment, the NMPA revised *the Guidelines on Good Manufacturing Practices* on June 18, 1999, which became effective from August 1, 1999. *The Guidelines on Good Manufacturing Practices* revised by the MOH on October 19, 2010, which took effect on March 1, 2011 provided the basic standards for drug production, including production facilities, qualification of management personnel, production plant and facilities, documentation, material packaging and labeling, testing, production management, sales and return of products, complaints of customers, etc.

On August 2, 2011, the CFDA issued *the Circular on Printing and Distributing the Administrative Measures for the Certification of Good Manufacturing Practice* (關於印發藥品生產質量管理規範認證管理辦法的通知), which provided that newly established drug manufacturers, or existing drug manufacturers that wish to expand manufacturing scope or build new workshops shall apply for the GMP certification in accordance with *the Drug Administration Law Implementing Measures*. Those drug manufacturers that have already obtained the GMP certificates shall re-apply for the GMP certification within six months prior to the expiration date of the GMP certificates. On December 30, 2015, the CFDA issued *the Notice on Effectively Implementing the*

Good Manufacturing Practice (關於切實做好實施藥品生產質量管理規範有關工作的通知), which provided that those drug manufacturers that failed to obtain the GMP certificates shall not be granted the drug manufacturing license.

On November 29, 2019, the NMPA issued *the Announcement on Matters relating to the Implementation of the Drug Administration Law of the PRC* (關於貫徹實施〈中華人民共和國藥品管理法〉有關事項的公告), which confirmed that the GMP certification would be cancelled from December 1, 2019, and no application for GMP certification would be accepted and no GMP certificate would be granted. However, according to *the Drug Administrative Law*, drug manufacturers shall still comply with the GMP, establish and improve the GMP system, and ensure the whole drug production process consistently in compliance with statutory requirements.

On May 24, 2021, the NMPA issued *the Administrative Measures for Drug Inspection (Trial)* (藥品檢查管理辦法(試行)) which became effective on the same day, and *the Administrative Measures for the Certification of Good Manufacturing Practice* was repealed. *The Administrative Measures for Drug Inspection (Trial)* provided that onsite inspections shall be conducted pursuant to the GMP on a drug manufacturer applying for the drug manufacturing license for the first time, while for the drug manufacturers applying for the renewal of drug manufacturing licenses, the review shall be conducted based on the risk management principles, in combination with the drug manufacturers' compliance with the laws and regulations of drug administration, and the operation of the GMP and quality management system, and inspections on the drug manufacturers' conformity to the GMP may be conducted where necessary.

Administrative Protection and Monitoring Periods for New Drugs

According to *the Drug Administration Law Implementing Measures*, to protect public health, the NMPA may provide for administrative monitoring periods of up to five years for new drugs approved to be manufactured, to consistently monitor the safety of such new drugs. During the monitoring period of a new drug, the NMPA will not approve any other enterprises' applications to manufacture or import a similar new drug.

Other PRC Regulations relating to the Pharmaceutical Industry

Coverage of the National Medical Insurance Program

The national medical insurance program was first adopted according to *the Decision of the State Council on Establishing the Urban Employees' Basic Medical Insurance System* (國務院關於建立城鎮職工基本醫療保險制度的決定) issued by the State Council on December 14, 1998, under which all employers and their employees in urban cities are required to enroll in the basic medical insurance program and the insurance premium is jointly contributed by the employers and employees. On July 10, 2007, the State Council issued *the Guiding Opinions of the State Council on the Pilot Urban Resident Basic Medical Insurance* (國務院關於開展城鎮居民基本醫療保險試點的指導意見), which further expanded the coverage of the basic medical insurance program, and accordingly the urban non-employed residents of the pilot districts may voluntarily enroll in the Urban Resident Basic Medical Insurance. In addition, on January 3, 2016, *the Opinions of the State Council on Integrating the Basic Medical Insurance Systems for Urban and Rural Residents* (國務院關於整合城鄉居民基本醫療保險制度的意見) issued by the State Council required the integration of the urban resident basic medical insurance and the new rural cooperative medical care system and the establishment of a unified basic medical insurance system, which will cover all urban and rural residents other than rural migrant workers and persons in flexible employment arrangements who participate in the basic medical insurance for urban employees. The participants of the medical insurance programs are eligible for full or partial reimbursement of the cost of the medicines included in the national medical insurance catalogue.

Pursuant to *the Notice of the Tentative Administrative Measures of the Scope of Basic Medical Insurance Coverage for Pharmaceutical Products for Urban Employees* (關於印發城鎮職工基本醫療保險用藥範圍管理暫行辦法的通知) jointly issued by the Ministry of Labor and Social Security, the Ministry of Finance and other authorities on May 12, 1999, a pharmaceutical product listed in the medical insurance catalogue must be clinically necessary, safe, effective, reasonably priced, easy to use, available in sufficient quantity, and must meet any of the following requirements: (i) being included in the pharmacopoeia of the PRC, (ii) satisfying the standards as set out by the NMPA, or (iii) having been approved by the NMPA for imported.

According to *the Tentative Administrative Measures of the Scope of Basic Medical Insurance Coverage for Pharmaceutical Products for Urban Employees*, the Ministry of Labor and Social Security and other relevant governmental authorities have the power to determine the medicines to be included in the national medical insurance catalogue, which is divided into two parts of Part A and Part B. Provincial governments are required to include all Part A medicines listed in the national medical insurance catalogue in their provincial medical insurance catalogue, but have the discretion to adjust upwards or downwards by no more than 15% from the total number of Part B medicines listed in the national medical insurance catalogue. As a result, the contents of Part B of the provincial medical insurance catalogues may differ from region to region in the PRC. Patients purchasing medicines included in Part A of the medical insurance catalogue are entitled to reimbursement in accordance with the regulations in respect of basic medical insurance. Patients purchasing medicines included in Part B of the medical insurance catalogue are required to pay a certain percentage of the purchase price and the remainder shall be reimbursed in accordance with the regulations in respect of basic medical insurance. The percentage of reimbursement for Part B medicines is decided by local authorities and as a result may differ from region to region.

National Essential Drug List

According to *the Opinions of the General Office of the State Council on Improving the National Essential Drugs System* (國務院辦公廳關於完善國家基本藥物制度的意見) issued on September 13, 2018 and effective therefrom, *the Circular on the Printing and Distribution of the Administrative Measures for the National Essential Drug List* (關於印發國家基本藥物目錄管理辦法的通知) issued on February 13, 2015 and effective therefrom, and *the National Essential Drug List (2018 version)* (國家基本藥物目錄(2018年版)) (the "***National Essential Drug List***") issued by the NHC on September 30, 2018 and effective from November 1, 2018, basic healthcare institutions funded by the government, which primarily include county-level hospitals, county-level Chinese medicine hospitals, rural clinics and community clinics, shall store up and use drugs listed in the *National Essential Drug List*. The drugs listed in the *National Essential Drug List* shall be purchased by centralized tender process and shall be subject to the price control by the National Development and Reform Commission (the "**NDRC**"). Remedial drugs listed in the *National Essential Drug List* are all listed in the medical insurance catalogue and the entire amount of the purchase price of such drugs is entitled to reimbursement.

Medical Insurance Reimbursement Standards

According to *the Decision of the State Council on Establishing the Urban Employees' Basic Medical Insurance System*, *the Opinions on the Establishment of the New Rural Cooperative Medical System* (關於建立新型農村合作醫療制度意見的通知) issued by the General Office of the State Council on January 16, 2003, *the Guiding Opinions of the State Council on the Pilot Urban Resident Basic Medical Insurance* and *the Opinions of the State Council on Integrating the Basic Medical Insurance Systems for Urban and Rural Residents*, medical insurance shall be available to all employees and residents in both rural and urban areas.

According to *the Notice on Printing and Distribution of the Opinion on the Management of Diagnosis and Treatment Items, Scope and Payment Standards of Medical Service Facilities Covered by the Urban Employees Basic Medical Insurance Program* (關於印發〈城鎮職工基本醫

療保險診療項目管理、醫療服務設施範圍和支付標準意見〉的通知) issued on June 30, 1999, the basic medical insurance program may cover a portion of the costs of diagnostic and treatment devices and diagnostic testing. The scope and rate of reimbursement shall be decided by provincial policies.

On June 20, 2017, the General Office of the State Council issued *the Guidance on Further Deepening the Reform of the Payment Method of Basic Medical Insurance* (關於進一步深化基本醫療保險支付方式改革的指導意見), which aimed to implement a diverse medical insurance payment mechanism that includes diagnosis-related groups, per-capita caps, and per-bed-day caps. By 2020, such new reimbursement mechanism will be implemented across the country, replacing the current reimbursement method based on service category and product price. Local medical insurance authorities shall implement the total budget control for their respective administrative regions and determine the amount of reimbursement to public hospitals based on their performance and the expenditure targets of the individual basic medical insurance funds.

Other Significant PRC Regulations Affecting Our Business in the PRC

Regulations relating to the Company Law and Foreign Investment

The establishment, operation and management of corporate entities in the PRC are governed by *the Company Law of the PRC* (中華人民共和國公司法) (the "***Company Law***"), which was promulgated by the SCNPC on December 29, 1993 and became effective on July 1, 1994, and was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018 respectively. Pursuant to *the Company Law*, companies are classified into 2 categories, namely limited liability companies and limited companies by shares. *The Company Law* also applies to foreign-invested limited liability companies and companies limited by shares. According to *the Company Law*, the provisions otherwise prescribed by the laws on foreign investment shall prevail.

According to *the Company Law*, companies shall contribute 10% of the profits into their statutory capital reserve upon distribution of their post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory capital reserve is more than 50% of its registered capital. Where the balance of the statutory capital reserve of a company is insufficient to make up its losses in the previous year, the company shall make up such losses using its profits of the current year before making contribution to the statutory capital reserve. Upon contribution to the statutory capital reserve with its post-tax profits, a company may make further contribution to the capital reserve with its post-tax profits. After making up its losses and accrued reserves, a company may distribute post-tax profits to its shareholders.

Furthermore, *the Company Law of the PRC (Revised Draft)* (中華人民共和國公司法(修訂草案)) and *the Company Law of the PRC (Revised Draft for Second Review)* (中華人民共和國公司法(修訂草案二次審議稿)) (together, the "***Draft Company Law***") were released for public comments on December 24, 2021 and December 30, 2022, respectively. The major revisions made by *the Draft Company Law* included improvement of the system for the establishment and exit of companies, optimization of organizational structures of companies, improvement of capital system of companies, strengthening the responsibilities of the controlling shareholder and management staff, enhancing the social responsibilities of companies, etc. As of the Latest Practicable Date, *the Draft Company Law* has not been formally adopted.

On March 15, 2019, the National People's Congress (the "**NPC**") promulgated *the Foreign Investment Law of the PRC* (中華人民共和國外商投資法) (the "***Foreign Investment Law***"), which took effect on January 1, 2020 and repealed *the Sino-foreign Equity Joint Ventures Law of the PRC* (中華人民共和國中外合資經營企業法), *the Wholly Foreign-owned Enterprise Law of the PRC* (中華人民共和國外資企業法) and *the Sino-foreign Cooperative Joint Ventures Law of the PRC* (中華人民共和國中外合作經營企業法). Since then, *the Foreign Investment Law* has become the

fundamental law regulating foreign-invested enterprises wholly or partially invested by foreign investors. According to *the Foreign Investment Law* and *the Implementation Regulations for the Foreign Investment Law of the PRC* issued by the State Council on December 26, 2019 and effective from January 1, 2020, foreign investment refers to any investment activity directly or indirectly carried out by foreign natural persons, enterprises or other organizations (the "**foreign investors**") within the territory of the PRC, including the following circumstances: (i) a foreign investor establishes a foreign-funded enterprise within the territory of the PRC, either alone or together with any other investor; (ii) a foreign investor acquires shares, equities, property shares or any other similar rights and interests of a PRC enterprise; (iii) a foreign investor invests in any new project within the territory of the PRC, either alone or together with any other investor; or (iv) a foreign investor invests in any other way as stipulated under the laws or administrative regulations or provided by the State Council. The organization form and structure, and the operating rules of foreign-funded enterprises are subject to the provisions of *the Company Law*, *the Partnership Enterprise Law of the PRC* and other applicable laws.

The administrative system for foreign investment is pre-entry national treatment and negative list in the PRC. Pre-entry national treatment refers to the treatment accorded to foreign investors and their investments at the stage of the entry of investments which shall be no less favorable than that accorded to domestic investors and their investments. Negative list refers to the special administrative measures taken for the entry of foreign investment in the specific sectors stipulated by the PRC government. National treatment will be accorded by the PRC government to the foreign investments not included in the negative list.

The NDRC and the Ministry of Commerce (the "**MOFCOM**") jointly issued *the Catalogue of Encouraged Industries for Foreign Investment (2022 version)* (鼓勵外商投資產業目錄(2022年版)) on October 26, 2022, which became effective from January 1, 2023 and *the Special Administrative Measures (Negative List) for the Entry of Foreign Investment (2021 version)* (外商投資准入特別管理措施(負面清單) (2021年版)) (the "***Negative List***") on December 27, 2021, which became effective on January 1, 2022, which together constitute the catalogue of encouraged industries for foreign investment and the special administrative measures for the entry of foreign investment in the restricted or prohibited industries for foreign investment. The *Negative List* provided the special administrative measures for the entry of foreign investment, such as the requirements on equity and senior management personnel. Any industry not included in the *Negative List* shall be administered under the principle of equal treatment to domestic and foreign investment. Domestic enterprises engaged in businesses in the prohibited industries for foreign investment as listed in the *Negative List* shall be subject to the review and approval by the relevant competent authorities for the issuance of shares and listing on the foreign stock markets. Foreign investors shall not participate in the operation and management of the enterprises, and their equity ratio shall be governed with reference to the relevant regulations on the management of overseas investors investing in domestic securities.

The Measures on Reporting of Foreign Investment Information (外商投資信息報告辦法) was jointly issued by the MOFCOM and the SAMR on December 30, 2019, which became effective on January 1, 2020. According to *the Measures on Reporting of Foreign Investment Information*, if a foreign investor carries out investment activities directly or indirectly within the territory of the PRC, the foreign investors or the foreign-invested enterprise shall report to the competent authorities of commerce the investment information pursuant to such measures. When a foreign-invested enterprise submits the annual report, it shall report the basic information of the enterprise, information of investors and the actual controller, and operation, assets and liabilities information of the enterprise, and where the special administrative measures for the entry of foreign investment are involved, it shall as well report the information of the relevant industry approvals obtained.

Regulations Relating to Intellectual Property Rights

Patents

Pursuant to the *Patent Law of the PRC* (中華人民共和國專利法) promulgated by the SCNPC on March 12, 1984 and amended on September 4, 1992, August 25, 2000, December 27, 2008 and October 17, 2020 respectively and effective from June 1, 2021, and *the Implementation Rules of the Patent Law of the PRC* (中華人民共和國專利法實施細則) issued by the State Council on June 15, 2001 and last amended on January 9, 2010 and effective from February 1, 2010, an invention-creation shall refer to an invention, utility model or design. Inventions and utility models for which patent rights are granted shall possess novelty, creativity and practicality. The Patent Office under the State Intellectual Property Office is responsible for the acceptance, examination and approval of patent applications. The protection period is 20 years for an invention patent, 10 years for a utility model patent and 15 years for a design patent, commencing from their respective application dates.

The Patent Law of the PRC, for the first time, introduced the patent term compensation and patent linkage system. Pursuant to *the Patent Law of the PRC*, for the purpose of compensating for the time taken to examine and approve a new drug to be marketed, the patent administrative department under the State Council shall grant compensation to the validity period of patent rights for the invention patents of new drugs approved to be marketed in the PRC upon request of the patentee. The compensation period shall not exceed five years, and the total validity period of patent rights after a new drug is approved to be marketed shall not exceed 14 years. The Patent Law of the PRC also introduced a system for the early resolution of patent disputes concerning generic drug applications.

Trademarks

Pursuant to *the Trademark Law of the PRC* (中華人民共和國商標法) promulgated by the SCNPC on August 23, 1982 and amended on February 22, 1993, October 27, 2001 and August 30, 2013, and last amended on April 23, 2019 and effective from November 1, 2019 and *the Implementation Regulations of the Trademark Law of the PRC* (中華人民共和國商標法實施條例) issued by the State Council on August 3, 2002 which became effective on September 15, 2002, and revised on April 29, 2014 which became effective on May 1, 2014, the validity period of registered trademarks is 10 years, commencing from the date of approval of registration. A trademark registrant intending to continue to use the registered trademark upon expiry of its validity period shall go through the formalities of renewal within 12 months before the expiry according to the relevant provisions. If failing to do so, the trademark registrant may be granted a six-month grace period. The validity period of each renewal is 10 years, commencing from the day after the expiry date of the last validity period of the registered trademark. If the formalities of renewal are not undergone within the grace period, the registration of the trademark will be cancelled.

Copyright

Copyright is protected by *the Copyright Law of the PRC* (中華人民共和國著作權法) promulgated by the SCNPC on September 7, 1990 and last amended on November 11, 2020 and effective from June 1, 2021 and *the Implementation Regulations of the Copyright Law of PRC* (中華人民共和國著作權法實施條例) issued by the State Council on August 2, 2002 and last amended on January 30, 2013, which provided provisions on the classification of works and the obtaining and protection of copyright and the related rights.

Domain Names

Domain names are protected by *the Administrative Measures of Internet Domain Names* (互聯網域名管理辦法) issued by the Ministry of Industry and Information Technology (the "**MIIT**") on August 24, 2017 and effective from November 1, 2017 and *the Implementing Rules on Registration of China Country Code Top-level Domain Names* (國家頂級域名註冊實施細則) issued by China Internet Network Information Center on June 18, 2019 and effective therefrom. The MIIT is the regulatory body responsible for the administration of PRC internet domain names. The China Internet Network Information Center is responsible for the administration of registration of China country code top-level domain names. Domain name registrations are processed by the domain name registration service agencies established pursuant to the relevant provisions. The applicants become domain name holders upon successful registration.

Trade Secrets

According to *the Anti-Unfair Competition Law of the PRC* (中華人民共和國反不正當競爭法) promulgated by the SCNPC on September 2, 1993 and amended on November 4, 2017 and April 23, 2019 respectively and *the Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Civil Cases Involving Trade Secret Infringement* (最高人民法院關於審理侵犯商業秘密民事案件適用法律若干問題的規定) issued by the Supreme People's Court on September 10, 2020 and effective from September 12, 2020, the term "trade secrets" refers to technical, operational and other business information that is unknown to the public, has business value, may create business interests or profits for its legal owners or holders, and is maintained as a secret with relevant security measures taken by its right holders. According to *the Anti-Unfair Competition Law of the PRC*, business operators are prohibited from infringing others' trade secrets by (i) acquiring a trade secret from the right holder by theft, bribery, fraud, coercion, electronic intrusion or any other illicit means; (ii) disclosing, using or allowing other person to use a trade secret acquired from the right holder by any means as specified in the preceding subparagraph; (iii) disclosing, using or allowing other person to use a trade secret in its possession in violation of its confidentiality obligation or the requirements of the right holder for keeping the trade secret confidential; (iv) abetting, tempting or aiding a person into or in acquiring, disclosing, using or allowing other person to use the trade secret of the right holder in violation of its confidentiality obligation or the requirements of the right holder for keeping the trade secret confidential. If a third party knows or should have known the abovementioned illegal conducts but nevertheless acquires, uses or allows other persons to use such trade secrets, the third party shall be deemed to have infringed others' trade secrets. The right holders whose trade secrets are infringed may apply for administrative corrections, and the regulatory authorities shall order to stop any illegal activities and impose fine penalties on the infringers.

Regulations relating to Foreign Exchange

The principal law governing the foreign currency exchange in the PRC is *the Foreign Exchange Administration Regulations of the PRC* (中華人民共和國外匯管理條例) (the "***Foreign Exchange Administration Regulations***"), which was issued by the State Council on January 29, 1996 and became effective on April 1, 1996, and amended on January 14, 1997 and August 5, 2008 respectively. Pursuant to *the Foreign Exchange Administration Regulations*, international payments in foreign currencies and transfer of foreign currencies under the current account are not restricted by the government. However, foreign currency transactions under the capital account are still subject to limitations and require approvals from, or registration with, the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理總局) (the "**SAFE**") or its local counterparts and other relevant PRC governmental authorities.

Pursuant to *the Regulation of Settlement, Sale and Payment of Foreign Exchange* (結匯、售匯及付匯管理規定) issued by the People's Bank of China on June 20, 1996 which became effective on July 1, 1996, foreign-invested enterprises may only buy, sell or remit foreign currencies at banks authorized to conduct foreign exchange business after providing valid commercial supporting documents and, in the case of transactions under the capital account, obtaining approvals from the SAFE or its local counterpart.

On March 30, 2015, the SAFE issued *the Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises* (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (the "***SAFE Circular 19***"), which became effective on June 1, 2015. Pursuant to *the SAFE Circular 19*, the foreign exchange capital, for which the monetary contribution has been confirmed by the foreign exchange authorities (or for which the monetary contribution has been credited into account by banks) in the capital account of a foreign-invested enterprise may be settled at banks under the actual operation needs of enterprise. Meanwhile, the use of such Renminbi shall be subject to the restrictions as set out in *the SAFE Circular 19*, such that it cannot be directly or indirectly used for payment beyond the business scope of the enterprises or as prohibited by the laws and regulations, for securities investments unless otherwise provided by the laws and regulations, for offering Renminbi entrusted loans (unless permitted by the business scope), repaying inter-enterprise borrowings (including advances by a third party) or repaying the Renminbi bank loans that have been sub-lent to a third party, or paying the expenses related to the purchase of real estate not for self-use, except for the foreign-invested real estate enterprises.

On June 9, 2016, the SAFE issued *the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts* (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) (the "***SAFE Circular 16***") which became effective therefrom. Where the previous provisions, such as *the SAFE Circular 19*, are not consistent with *the SAFE Circular 16*, *the SAFE Circular 16* shall prevail. *The SAFE Circular 16* unified the discretional foreign exchange settlement for all the domestic institutions. Furthermore, the foreign exchange proceeds under the capital account of a domestic institution shall be used within the business scope of the domestic institution and under the principles of authenticity and self-use. *The SAFE Circular 16* reaffirmed that the foreign exchange proceeds under the capital account of and the Renminbi funds obtained from foreign exchange settlement by a domestic institution may be used for expenditures under the current account within its business scope or the expenditures under the capital account permitted by the laws and regulations. The foreign exchange proceeds under the capital account of and the Renminbi funds obtained from foreign exchange settlement by a domestic institution (i) shall not be used directly or indirectly for expenditures beyond the business scope of the domestic institution or as prohibited by the laws and regulations, (ii) unless otherwise provided, shall not be used directly or indirectly for securities investments or other investments than principal-secured products of banks, (iii) shall not be used for offering loans to non-affiliated enterprises, unless expressly permitted by the business scope or (iv) shall not be used for the construction or purchase of real estate not for self-use (except for real estate enterprises).

According to *the Circular on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business* (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知) issued by the SAFE on April 10, 2020 which took effect therefrom, the reform to facilitate the payments of proceeds under the capital accounts shall be promoted nationwide by the SAFE. Provided that the use of funds is true and compliant, and in compliance with the current administrative provisions on the use of the proceeds under the capital accounts, enterprises satisfying the requirements are not required to provide the banks with supporting documents to prove authenticity for each transaction beforehand when making domestic payments with the proceeds under the capital accounts, such as the capital funds and the proceeds of foreign debt or overseas listing.

Distribution of Dividends

On January 26, 2017, the SAFE issued *the Notice on Promoting the Reform of Foreign Exchange Administration and Improving the Review of Authenticity and Compliance* (關於進一步推進外匯管理改革完善真實合規性審核的通知) which provided that when processing the outward remittance of profits of a domestic institution equivalent to more than 50,000 US dollars, the bank shall, in light of the principle of genuine transaction, review the profit distribution resolution made by the board of directors (or by the partners), original tax filing form and audited financial statements relating to the outward remittance of profits, and chop on the original tax filing form to endorse the amount and date of the outward remittance. The domestic institution shall make up for its losses in the previous years according to the laws before remitting the profits.

Regulations relating to Outbound Investment

Pursuant to *the Administrative Measures on Outbound Investments* (境外投資管理辦法) issued by the MOFCOM on March 16, 2009 and amended on September 6, 2014, the MOFCOM and the provincial competent departments of commerce shall subject the outbound investments of enterprises to filing or approval, depending on the actual circumstances of such investments. Outbound investments of enterprises involving sensitive country or region, or sensitive industry shall be subject to approval. Other outbound investments of enterprises shall be subject to filing.

Pursuant to *the Administrative Measures for the Outbound Investments of Enterprises* (企業境外投資管理辦法) issued by the NDRC on December 26, 2017 and effective from March 1, 2018, if an enterprise in the territory of the PRC (the "**Investor**") intends to make outbound investments, it shall go through the formalities, such as approval or filing, for the outbound investment project (the "**Project**"), report relevant information and cooperate in the supervisory inspections. The sensitive Projects invested directly by the Investor or through the foreign enterprises controlled by the Investor shall be subject to approval. The non-sensitive Projects invested directly by the Investor, which involve the direct contribution of assets, rights and interests, or provision of financing or guarantee by the Investor, shall be subject to filing. The aforementioned sensitive Projects include the Projects involving sensitive country of region, or sensitive industry. *The Catalogue of Sensitive Sectors for Outbound Investment (2018 Edition)* (境外投資敏感行業目錄(2018年版)) issued by the NDRC on January 31, 2018 and effective from March 1, 2018 listed in detail the sensitive sectors.

Regulations relating to Enterprise Income Tax

Pursuant to *the Enterprise Income Tax Law of the PRC* (中華人民共和國企業所得税法) (the "***EIT Law***") promulgated by the SCNPC on March, 16 2007, which became effective from January 1, 2008, and last amended on December 29, 2018, enterprises shall be classified into resident enterprises and non-resident enterprises. The income tax rate of resident enterprises is 25%, while the income tax rate of non-resident enterprises is 20%. According to *the EIT Law* and *the Implementation Regulations for the Enterprise Income Tax Law of the PRC* (中華人民共和國企業所得税法實施條例) (the "***Implementation Regulations for EIT Law***") issued by the State Council on December 6, 2007, which became effective from January 1, 2008, and last amended on April 23, 2019, enterprise income tax shall be payable by a resident enterprise for the income derived from or accruing in or outside the PRC. Enterprise income tax shall be payable by a non-resident enterprise with office or premises within the territory of the PRC for the income derived from or accruing in the PRC by its office or premises, and the income derived from or accruing outside the PRC for which its office or premises has a de facto relationship. Where the non-resident enterprise has no office or premises within the territory of the PRC or the income derived or accrued has no de facto relationship with its office or premises, enterprise income tax shall be payable by the non-resident enterprise for the income derived from or accruing in the PRC at a reduced rate of 10%.

According to *the EIT Law* and *the Implementation Regulations for EIT Law*, dividends, premium and other gains from equity investments between the qualified resident enterprises shall be tax-exempted.

Pursuant to *the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income* (內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排) issued by the State Administration of Taxation (the "**SAT**") on August 21, 2006, last amended and executed through the Protocol V on July 19, 2019 and effective from December 6, 2019, dividends paid by PRC resident enterprises to Hong Kong residents may be taxed in Hong Kong or taxed pursuant to the PRC laws. However, if the beneficial owner of dividends is a Hong Kong resident, the tax charged shall not exceed (i) 5% of the total amount of the dividends if the Hong Kong resident is a company directly holding at least 25% capital of the PRC resident enterprise, or (ii) 10% of the total amount of the dividends in any other case. *The Announcement on Issues Relating to "Beneficial Owner" in Tax Treaties* (關於税收協定中"受益所有人"有關問題的公告) issued by the SAT on February 3, 2018 and effective from April 1, 2018 further clarified the issues concerning the determination of "beneficial owners" under the articles with respect to dividends, interests and royalties in the tax treaties.

In addition, pursuant to *the Notice on Issues Relating to the Implementation of the Dividend Clauses in the Tax Treaties* (關於執行税收協定股息條款有關問題的通知) issued by the SAT on February 20, 2009 and effective therefrom, where a PRC resident company pays dividends to a Hong Kong tax resident and the Hong Kong tax resident (or the dividends receiver) is the beneficial owner of the dividends, then the dividends received by the Hong Kong tax resident is entitled to the treatment under the tax treaties and to calculate the income tax payable in the PRC at the tax rate as prescribed in the tax treaties. If the tax rate prescribed in the tax treaties is higher than that provided in the tax laws of the PRC, the taxpayer may pay taxes in accordance with the tax laws of the PRC. A taxpayer who intends to enjoy the treatment prescribed in the preceding paragraph under the tax treaties shall satisfy all the following conditions: (i) a taxpayer eligible for the treatment under the tax treaties shall be a Hong Kong tax resident; (ii) a taxpayer eligible for the treatment under the tax treaties shall be the beneficial owner of the relevant dividends; (iii) dividends eligible for the treatment under the tax treaties shall be dividends, premium and other gains from equity investments recognized in accordance with the tax laws of the PRC; and (iv) any other conditions as prescribed by the SAT. Where a Hong Kong tax resident directly holds a certain proportion or more of capital of the PRC resident company which pays the dividends, the dividends received by the Hong Kong tax resident may be entitled to the tax rate prescribed in the tax treaties. A Hong Kong tax resident intending to enjoy the treatment under the tax treaties shall satisfy all the following conditions: (i) the Hong Kong tax resident who receives dividends shall be a company in accordance with the tax treaties; (ii) both the proportion of the total owners' equity and the proportion of the shares with voting rights in the PRC resident company directly held by the Hong Kong tax resident satisfy the proportion requirements as prescribed in the relevant provisions; and (iii) the proportion of the capital of the PRC resident company directly held by the Hong Kong tax resident shall, at any time within the consecutive 12 months before receiving the dividends, satisfy the proportion requirements as prescribed in the tax treaties.

Product Liability

Pursuant to *the Product Quality Law of the PRC* (中華人民共和國產品質量法) promulgated by the SCNPC on February 22, 1993 and last amended on December 29, 2018 and effective therefrom, manufacturers shall be liable for the quality of products produced by them and guarantee that the product quality satisfies the requirements stipulated by laws, and shall not mix impurities or imitations into products, or to pass fake goods off as genuine ones, or shoddy products off as good ones or sub-standard products off as standard ones. Sellers shall take measures to ensure the quality of the products sold by them. A manufacturer shall be liable to compensate for any bodily injuries or damage to property other than the defective product itself

resulting from the defects in the product, unless the manufacturer is able to prove that (i) the product has never been circulated; (ii) the defects causing injuries or damage did not exist at the time when the product was circulated; or (iii) the science and technology at the time when the product was circulated were at a level incapable of detecting the defects. A seller shall be liable to compensate for any bodily injuries or damage to property of others caused by the defects in the product if such defects are attributable to the seller. And a seller shall pay compensation if it fails to indicate neither the manufacturer nor the supplier of the defective product. A person who is injured or whose property is damaged caused by the defects in the product may claim for compensation from the manufacturer or the seller of the product. Where the compensation is made by the manufacturer or seller of the product, the manufacturer or seller of the product shall have the right of recovery against the liable party of the product.

According to *the Civil Code of the PRC* (中華人民共和國民法典) promulgated by the NPC on May 28, 2020 and effective from January 1, 2021, where a patient suffers damage due to defects in a drug, the patient may claim for compensation from the holder of the marketing approval for the drug, manufacturer or the medical institution. Where the patient claims for compensation from the medical institution, the medical institution, after making compensation, shall have the right of recovery against the liable holder of the marketing approval for the drug or manufacturer.

Equity Incentive Plans

On February 15, 2012, the SAFE issued *the Circular on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Equity Incentive Plans of Overseas Listed Companies* (關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知) (the "***Equity Incentive Rules***"). Pursuant to *the Equity Incentive Rules*, all individuals (including PRC citizens and the foreigners who have continuously resided within the territory of the PRC for one year, except the foreign diplomatic personnel and representatives of international organizations stationed in the PRC) participating in the same equity incentive plan of an overseas listed company shall collectively entrust a domestic agency (the "**Domestic Agency**") to deal with the relevant matters, such as foreign exchange registration, account opening, and transfer, remittance and exchange of funds, through their domestic company. The Domestic Agency shall open a special domestic account for foreign exchange at a bank with the foreign exchange registration certificate for the equity incentive plan. The incomes of the account include the foreign exchange funds transferred from individual's foreign exchange deposit accounts, the foreign exchange funds obtained from the purchase of foreign exchange by the Domestic Agency for the individuals, principals and proceeds repatriated after the sale of the shares or equities under the equity incentive plan by the individuals, the dividend funds repatriated, and other incomes approved by the local branch of the SAFE. The payments of the account include the outbound payments of the funds required for the participation in the equity incentive plan, foreign exchange settlement of the funds repatriated, the funds transferred into the individual's foreign exchange deposit accounts, and other payments approved by the local branch of the SAFE. The Domestic Agency shall, upon the significant changes or the termination of the equity incentive plan of the overseas listed company, carry out the registration of change of deregistration with the local branch of the SAFE.

Labor and Social Insurance

The Labor Law of the PRC (中華人民共和國勞動法) promulgated on July 5, 1994 and last amended on December 29, 2018 and *the Labor Contract Law of the PRC* (中華人民共和國勞動合同法) promulgated on June 29, 2007, effective from January 1, 2008, and amended on December 28, 2012 and effective from July 1, 2013, by the SCNPC, together provided the relationship between the employers and the employees as well as specific provisions on the terms and conditions of the labor contracts.

Pursuant to *the Social Insurance Law of the PRC* (中華人民共和國社會保險法) promulgated by the SCNPC on October 28, 2010, effective from July 1, 2011, and amended on December 29, 2018 and effective therefrom, *the Provisional Regulations for the Collection and Payment of Social Insurance Premiums* (社會保險費徵繳暫行條例) issued by the State Council on January 22, 1999 and last amended on March 24, 2019, and *the Regulations on the Administration of Housing Accumulation Fund* (住房公積金管理條例) issued by the State Council on April 3, 1994, and amended on March 24, 2002 and March 24, 2019, respectively, employers and/or employees are required to contribute to social insurance premiums, including basic endowment insurance, unemployment insurance, basic medical insurance, employment injury insurance and maternity insurance, and to housing accumulation funds.

Regulations relating to Environmental Impact Assessment of Construction Projects

According to *the Environmental Protection Law of the PRC* (中華人民共和國環境保護法) promulgated by the SCNPC on December 26, 1989 and amended on April 24, 2014 and effective from January 1, 2015, *the Administrative Regulations on the Environmental Protection of Construction Projects* (建設項目環境保護管理條例) issued by the State Council on November 29, 1998, and amended on July 16, 2017 and effective from October 1, 2017, *the Environmental Impact Assessment Law of the PRC* (中華人民共和國環境影響評價法) promulgated by the SCNPC on October 28, 2002 and amended on July 2, 2016 and December 29, 2018 respectively, and *the Interim Measures on the Inspection and Acceptance of Environmental Protection of Completed Construction Projects* (建設項目竣工環境保護驗收暫行辦法) issued by the Ministry of Environmental Protection. on November 20, 2017 and effective therefrom, where the completion of a construction project may have impact on the environment, the construction enterprise shall submit a report (form) of environmental impact or a registration form of environmental impact to the relevant authorities of environmental protection. The environmental impact assessment documents of construction projects required by the relevant laws to prepare reports (forms) of environmental impact shall be approved by the authorities of environmental protection before the commencement of construction. Upon completion of construction projects, the construction enterprises shall conduct the inspection and acceptance of environmental protection and prepare the reports of inspection and acceptance pursuant to the standards and procedures as stipulated by the competent authorities of environmental protection.

Precursor Chemicals

According to *the Administrative Regulations on Precursor Chemicals* (易製毒化學品管理條例) issued by the State Council on August 26, 2005 and effective from November 1, 2005, and amended on July 29, 2014, February 6, 2016 and September 18, 2018 respectively, the production, distribution, purchase, transportation, import and export of precursor chemicals are governed by the government. If an entity intends to purchase Class II or Class III precursor chemicals, it shall file with the public security authorities of the local people's government at the county level the type and quantity of precursor chemicals in demand prior to the purchase.

Fire Control

Pursuant to *the Fire Protection Law of the PRC* (中華人民共和國消防法) promulgated by the SCNPC on April 29, 1998, and last amended on April 29, 2021 and effective therefrom, the Department of Emergency Management under the State Council and the local people's governments at or above county level shall supervise and administer the matters of fire protection, while the fire control and rescue institutions of such people's governments shall be responsible for implementation. The design of fire control of the construction projects must comply with the national technical standards of fire control. If the design of fire control of a construction project has not been examined pursuant to the relevant laws or failed to pass the examination, the

construction of such project is not allowed. If a completed construction project has not gone through the fire safety inspection or failed to satisfy the requirements of fire safety upon inspection, such project is not allowed to be put to use or business.

Regulations relating to Information Security and Data Privacy

On June 10, 2021, the SCNPC promulgated *the Data Security Law of the PRC* (中華人民共和國數據安全法) (the "***Data Security Law***"), which became effective from September 1, 2021. According to *the Data Security Law*, a data classification protection system shall be established to protect data by classification. Entities engaged in data processing activities shall, in accordance with the laws and regulations, establish a sound whole-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security.

According to *the Civil Code*, personal information of natural persons is protected by law. Any organization or individual that needs to obtain personal information of others shall obtain legally and ensure the information security, and shall not illegally collect, use, process, transmit, trade, provide or disclose personal information of others. *The Personal Information Protection Law of the PRC* (中國人民共和國個人信息保護法) promulgated by the SCNPC on August 20, 2021 and effective from November 1, 2021 further emphasized the duties and responsibilities of the processing personnel for the protection of personal information, and provided stricter protection measures for processing sensitive personal information.

On November 7, 2016, the SCNPC promulgated *the Cybersecurity Law of the PRC* (中華人民共和國網絡安全法) (the "***Cybersecurity Law***"), which became effective from June 1, 2017. According to *the Cybersecurity Law*, network operators shall abide by the principles of legality, legitimacy and necessity when collecting and using personal information. Network operators shall disclose the rules for collection and use, specify the purpose, methods and scope of collection and use of information, and obtain consent from the persons whose personal information is collected, when collecting and using personal information. Network operators shall not collect the personal information irrelevant to the services they provide, nor disclose, tamper with or damage the personal information they collect, and shall not provide relevant personal information to others without the prior consent of the persons whose personal information is collected, except for the personal information that cannot be identified and restored after processing.

On July 7, 2022, the CAC issued *the Measures on Security Assessment of Cross-border Data Transfer* (數據出境安全評估辦法) (the "***Cross-border Data Transfer Measures***") which became effective on September 1, 2022. Pursuant to the *Cross-border Data Transfer Measures*, the security assessment of outbound data transfer shall adhere to the integration of prior assessment and continuous supervision and the integration of risk self-assessment and security assessment, so as to prevent security risks arising from outbound data transfer and ensure the orderly and free flow of data in accordance with the law. A data processor shall expressly agree on the data security protection responsibilities and obligations in the legal documents concluded with the overseas recipient.

On July 12, 2018, the NHC issued *the Administrative Measures on National Health and Medical Care Big Data Standards, Security and Services (Trial)* (國家健康醫療大數據標準、安全和服務管理辦法(試行)) (the "***Measures on Health and Medical Care Big Data***"), which became effective on the same day. *The Measures on Health and Medical Care Big Data* provided the guidelines and principles of health and medical big data standard management, security management and service management. According to *the Measures on Health and Medical Care Big Data*, the NHC, together with other relevant departments, is responsible for the management of national health and medical care big data, while the authorities of health above the county level, together with other relevant departments, are responsible for the management of health and medical care big data within their respective administrative regions. Medical institutions and

relevant enterprises, including those engaged by medical institutions to store or operate health and medical care big data, shall take measures, such as data classification, important data backup and encryption, to ensure the security of health and medical care big data, and provide secured channels for the query and replication of information. The responsible parties shall, pursuant to *the Cybersecurity Law*, strictly control the authorization to users at different levels to access and use data, and ensure the use of data within the scope of authorization. Without authorization, no unit or individual shall use or disseminate any health and medical care big data or data beyond the scope of authorization, nor obtain any data in illegal ways. The responsible parties shall abide by the relevant regulations when disclosing health and medical care big data, shall not divulge state secrets, trade secrets or personal privacy, shall not infringe upon the interests of the state or the public, and shall not infringe upon the legitimate rights and interests of citizens, enterprise entities or other organizations.

Regulations relating to Overseas Listing

On February 17, 2023, the CSRC promulgated *the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies* (境內企業境外發行證券和上市管理試行辦法) (the "***Overseas Listing Trial Measures***") and relevant five guidelines, which will become effective on March 31, 2023. The *Overseas Listing Trial Measures* will comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic companies' securities and will regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities by adopting a filing-based regulatory regime.

According to the *Overseas Listing Trial Measures*, a domestic company seeking direct overseas offering and listing shall file with the CSRC, submit the filing report, legal opinions and other relevant materials as required under the *Overseas Listing Trial Measures*, and state the shareholders' information and other matters in a truthful, accurate and complete manner. Where a domestic company submits an application for initial public offering to the competent overseas regulators, such domestic company shall file with the CSRC within three business days after such application is submitted. The *Overseas Listing Trial Measures* also require subsequent reports to be filed with the CSRC on material events, such as a change-of-control event, or voluntary or forced delisting of the issuer who has completed the overseas offering and listing. If the issuer fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, it may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines.

On the same day, the CSRC also held a press conference for the release of the *Overseas Listing Trial Measures* and issued *the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies* (關於境內企業境外發行上市備案管理安排的通知), which, among others, clarified that, a domestic company that has already obtained the approval document from the CSRC for overseas public offering and listing may proceed with the overseas listing within the validity period of the approval document. Where the overseas listing has not been completed upon the expiration of the approval document, filing procedures specified in the *Overseas Listing Trial Measures* shall be made as required.

Regulations relating to H Share Full Circulation

"Full circulation" refers to the listing and circulation of the domestic unlisted shares of an H-share listed company on the Stock Exchange of Hong Kong Limited, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, the China Securities Regulatory Commission issued *the Guidelines on the Application of "Full Circulation" of Domestic Unlisted Shares by H-share Companies*

(Announcement of the CSRC [2019] No. 22) (H股公司境內未上市股份申請"全流通"業務指引) (the "***Guidelines on 'Full Circulation'***"). According to *the Guidelines on "Full Circulation,"* provided that the requirements set out in the relevant laws and regulations and in the policies for state-owned assets management, foreign investments and industry regulation are satisfied, the shareholders of domestic unlisted shares may decide at their own discretion through negotiation the amount and proportion of shares applying for circulation, and entrust the H-share Listed Company to submit the application for "full circulation." The H-share Listed Company shall apply to the CSRC for "full circulation" in accordance with the administrative licensing procedures required for the "examination and approval of overseas public offering and listing of shares (including additional issuance) by joint stock companies." Upon approval of the application for "full circulation" by the CSRC, the H-share Listed Company shall submit a report to the CSRC within 15 days after completion of the registration of shares involved in the application with the China Securities Depository and Clearing Co., Ltd. (the "**CSDC**"). Pursuant to the *Overseas Listing Trial Measures* which will become effective on March 31, 2023, for a domestic company seeking direct overseas listing, the shareholders holding the domestic unlisted shares of such domestic company who apply for the conversion of the domestic unlisted shares into overseas listed shares shall comply with the relevant provisions of the CSRC and entrust such domestic company to file with the CSRC.

On December 31, 2019, the CSDC and Shenzhen Stock Exchange jointly issued *the Implementation Measures for H-share "Full Circulation" Business* (H股"全流通"業務實施細則), which applied to the cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominee holders and other businesses in relation to H-share "full circulation" business.

In order to fully promote the reform of H-share "full circulation" and specify the business arrangements and procedures for registration, custody, settlement and delivery of relevant shares, the CSDC issued the Circular on Issuing *the Guidance for H-share "Full Circulation"* (關於發布《H股"全流通"業務指南》的通知) on February 7, 2020, which specified the business preparation, account arrangements, cross-border share transfer registration and overseas centralized custody, etc. In February 2020, the China Securities Depository and Clearing (Hong Kong) Co., Ltd. (the "**CSDC (Hong Kong)**") issued *the Guidance of the China Securities Depository and Clearing (Hong Kong) Co., Ltd. For H-share "Full Circulation"* (中國證券登記結算(香港)有限公司H股"全流通"業務指南), which specified the custody, deposit, agent services, settlement and delivery arrangements by the CSDC (Hong Kong) and other relevant matters.

LAWS AND REGULATIONS IN THE UNITED STATES

This section summarizes the principal laws and regulations in the United States that are relevant to our business.

U.S. Government Regulation of Drug and Biological Products

In the United States, the FDA regulates drugs under the Federal Food Drug and Cosmetic Act (the "**FDCA**"), its implementing regulations, and biologics implemented under the FDCA and the Public Health Service Act (the "**PHSA**") and their implementing regulations. Both drugs and biologics also are subject to other federal, state and local statutes and regulations, such as those related to competition. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, and local statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or following approval may subject an applicant to administrative actions or judicial sanctions. These actions and sanctions could include, among other actions, the FDA's refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, untitled or warning letters, voluntary

or mandatory product recalls or market withdrawals, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement and civil or criminal fines or penalties.

Once a product candidate is identified for development, it enters preclinical testing, which includes laboratory evaluations of product chemistry, toxicity, formulation and stability, as well as animal studies. Preclinical testing is conducted in accordance with FDA's Good Laboratory Practice regulations. A sponsor of an IND must submit the results of the preclinical tests, manufacturing information, analytical data, the clinical trial protocol, and any available clinical data or literature to the FDA. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA raises concerns or questions and places the trial on a clinical hold within that 30-day period. FDA may also impose clinical holds or partial clinical holds at any time during clinical trials due to safety concerns or non-compliance.

All clinical trials, which involve the administration of the investigational product to humans, must be conducted under the supervision of one or more qualified investigators in accordance with Good Clinical Practice regulations, including the requirement that all research subjects provide informed consent in writing before their participation in any clinical trial. Further, an Institutional Review Board (the "**IRB**"), must review and approve the plan for any clinical trial before it commences at any institution, and the IRB must conduct continuing review and re-approve the study at least annually. Each new clinical protocol and any amendments to the protocol must be submitted for FDA review, and to the IRBs for approval. An IRB can suspend or terminate approval of a clinical trial at its institution if the trial is not being conducted in accordance with the IRB's requirements or if the product has been associated with unexpected serious harm to subjects.

Clinical trials generally are conducted in three sequential phases, known as Phase I, Phase II and Phase III, and may overlap.

- Phase I clinical trials generally involve a small number of healthy volunteers or disease-affected patients who are initially exposed to a single dose and then multiple doses of the product candidate. The primary purpose of these clinical trials is to assess the metabolism, pharmacologic action, side effect tolerability and safety of the product candidate.

- Phase II clinical trials involve studies in disease-affected patients to evaluate proof of concept and/or determine the dose required to produce the desired benefits. At the same time, safety and further PK and PD information is collected, possible adverse effects and safety risks are identified, and a preliminary evaluation of efficacy is conducted.

- Phase III clinical trials generally involve a large number of patients at multiple sites and are designed to provide the data necessary to demonstrate the effectiveness of the product for its intended use, its safety in use and to establish the overall benefit/risk relationship of the product and provide an adequate basis for product labeling.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA. Safety reports must be submitted to the FDA and the investigators 15 calendar days after the trial sponsor determines that the information qualifies for reporting. The sponsor also must notify FDA of any unexpected fatal or life-threatening suspected adverse reaction as soon as possible but in no case later than 7 calendar days after the sponsor's initial receipt of the information. Sponsors of clinical trials of FDA-regulated products, including drugs, are required to register and disclose certain clinical trial information, which is publicly available at www.clinicaltrials.gov.

Concurrent with clinical trials, companies usually complete additional animal studies and must also finalize a process for manufacturing the product in commercial quantities in accordance with current Good Manufacturing Practice ("**cGMP**") requirements. The process of obtaining regulatory approvals and compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements may subject an applicant to administrative or judicial sanctions.

U.S. Review and Approval Processes

The results of product development, preclinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests conducted on the product, proposed labeling and other relevant information, are submitted to the FDA as part of a BLA. Unless deferred or waived, BLAs, or supplements must contain data adequate to assess the safety and effectiveness of the product for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The submission of a BLA is subject to the payment of a substantial user fee and an annual prescription drug product program fee.

Within 60 days of its receipt, the FDA reviews the BLA to ensure that it is sufficiently complete for substantive review before it accepts the BLA for filing. After accepting the BLA filing, the FDA begins an in-depth substantive review to determine, among other things, whether a product is safe and effective for its intended use. The FDA also evaluates whether the product's manufacturing is cGMP-compliant to assure the product's identity, strength, quality and purity. Before approving the BLA, the FDA typically will inspect whether the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. The FDA may refer the BLA to an advisory committee, a panel of experts, for review whether the application should be approved and under what conditions and considers such recommendations when making decisions.

The FDA may refuse to approve the BLA if the applicable regulatory criteria are not satisfied or may require additional clinical data or other data and information. The FDA will issue a complete response letter describing all of the specific deficiencies that the FDA identified in the BLA that must be satisfactorily addressed before it can be approved. The deficiencies identified may be minor, for example, requiring labeling changes, or major, for example, requiring additional clinical trials. Additionally, the complete response letter may include recommended actions that the applicant might take to place the application in a condition for approval. The applicant may either resubmit the BLA, addressing all of the deficiencies identified in the letter, or withdraw the application or request an opportunity for a hearing.

The regulatory approval may be limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling. In addition, the FDA may require post-approval studies, including phase IV clinical trials, to further assess a product's safety and effectiveness after BLA approval and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized.

Expedited Development and Review Programs

The FDA has various programs that are intended to expedite or simplify the process for the development and FDA review of drugs that are intended for the treatment of serious or life-threatening diseases or conditions and demonstrate the potential to address unmet medical needs. The purpose of these programs is to provide important new drugs to patients earlier than under standard FDA review procedures.

Fast Track Designation

To be eligible for a fast track designation, the FDA must determine, based on the request of a sponsor, that a drug is intended to treat a serious or life-threatening disease or condition for which there is no effective treatment and demonstrates the potential to address an unmet medical need for the disease or condition. Under the fast track program, the sponsor of a drug candidate may request FDA to designate the product for a specific indication as a fast track product concurrent with or after the filing of the IND for the drug candidate. The FDA must make a fast track designation determination within 60 days after receipt of the sponsor's request.

In addition to other benefits, such as the ability to use surrogate endpoints and have greater interactions with FDA, FDA may initiate review of sections of a fast track product's NDA before the application is complete. This rolling review is available if the applicant provides, and FDA approves, a schedule for the submission of the remaining information and the applicant pays applicable user fees. However, FDA's time period goal for reviewing a fast track application does not begin until the last section of the NDA is submitted. In addition, the fast track designation may be withdrawn by FDA if FDA believes that the designation is no longer supported by data emerging in the clinical trial process.

Priority Review

The FDA may give a priority review designation to drugs that offer major advances in treatment, or provide a treatment where no adequate therapy exists. A priority review means that the goal for the FDA to review an application is six months, rather than the standard review of ten months under the Prescription Drug User Fee Act (the "**PDUFA**") guidelines. These six and ten month review periods are measured from the "filing" date rather than the receipt date for NDAs for new molecular entities, which typically adds approximately two months to the timeline for review and decision from the date of submission. Most products that are eligible for fast track designation are also likely to be considered appropriate to receive a priority review.

Accelerated Approval

Under FDA's accelerated approval regulations, the FDA may approve a drug or biologic candidate for a serious or life-threatening illness that provides meaningful therapeutic benefit to patients over existing treatments and demonstrates an effect on either a surrogate endpoint that is reasonably likely to predict clinical benefit or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality ("**IMM**"), that is reasonably likely to predict an effect on IMM or other clinical benefit, taking into account the severity, rarity, or prevalence of the disease or condition and the availability or lack of alternative treatments. A product candidate approved on this basis is subject to rigorous post-marketing compliance requirements, including the completion of post-approval clinical trial to confirm the effect on the clinical endpoint. Failure to conduct required post-approval studies, or to confirm a clinical benefit during post-marketing studies, will allow the FDA to withdraw the product from the market on an expedited basis. All promotional materials for product candidates approved under accelerated regulations are subject to prior review by the FDA.

Breakthrough Designation

Another program available for sponsors is the breakthrough therapy designation. A drug or biologic may be eligible for designation as a breakthrough therapy if the product is intended, alone or in combination with one or more other drugs or biologics, to treat a serious or life-threatening condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over currently approved therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. A sponsor may request that a product be designated as a breakthrough therapy concurrently with, or at any time after, the submission of an IND, and the FDA must determine if the candidate qualifies for such designation within 60 days of receipt of the request. If so designated, the FDA shall act to expedite the development and review of the product's marketing application, including by meeting with the sponsor throughout the product's development, providing timely advice to the sponsor to ensure that the development program to gather preclinical and clinical data is as efficient as practicable.

Orphan Drugs

Under the Orphan Drug Act, the FDA may grant orphan drug designation to drugs or biologic candidates intended to treat a rare disease or condition generally affecting fewer than 200,000 individuals in the U.S. The first applicant to receive FDA approval for the disease or indication for which it has orphan drug designation is entitled to a seven-year exclusive marketing period. During the exclusivity period, the FDA may not approve any other applications to market the same product for the same disease or condition except in limited circumstance.

Post-Marketing Requirements

Following approval of a new product, the manufacturer and the approved product are subject to continuing regulation by the FDA, including, among other things, monitoring and record-keeping activities, reporting of adverse experiences, complying with promotion and advertising requirements, which include restrictions on promoting products for unapproved uses or patient populations, known as "off-label use," and limitations on industry-sponsored scientific and educational activities. Although physicians may prescribe legally available products for off-label uses, manufacturers may not market or promote such uses. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability, including investigation by federal and state authorities. Prescription drug promotional materials must be submitted to the FDA in conjunction with their first use or first publication. Further, if there are any modifications to the drug or biologic, including changes in indications, labeling or manufacturing processes or facilities, the applicant may be required to submit and obtain FDA approval of a new BLA or BLA supplement, which may require the development of additional data or preclinical studies and clinical trials.

The FDA may also place other conditions on approvals including the requirement for a risk evaluation and mitigation strategy (the "**REMS**"), to assure the safe use of the product. If the FDA concludes a REMS is needed, the sponsor of the BLA must submit a proposed REMS. The FDA will not approve the BLA without an approved REMS, if required. A REMS could include medication guides, physician communication plans or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of products. Product approvals may be withdrawn for noncompliance with regulatory standards or if problems occur following initial marketing.

FDA regulations require that products be manufactured in specific approved facilities and in accordance with cGMP regulations. These manufacturers must comply with cGMP regulations that require, among other things, quality control and quality assurance, the maintenance of records and documentation and the obligation to investigate and correct any deviations from cGMP.

Manufacturers and other entities involved in the manufacture and distribution of approved drugs or biologics are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP requirements and other laws. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain cGMP compliance. The discovery of violative conditions, including failure to conform to cGMP regulations, could result in enforcement actions, and the discovery of problems with a product after approval may result in restrictions on a product, manufacturer or holder of an approved BLA, including recall.

Once an approval is granted, the FDA may issue enforcement letters or withdraw the approval of the product if compliance with regulatory requirements and standards is not maintained or if problems occur after the drug or biologic reaches the market. Corrective action could delay drug or biologic distribution and require significant time and financial expenditures. Later discovery of previously unknown problems with a drug or biologic, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the drug or biologic, suspension of the approval, complete withdrawal of the drug from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve applications or supplements to approved applications, or suspension or revocation of drug or biologic approvals; drug or biologic seizure or detention, or refusal to permit the import or export of drugs; or
- injunctions or the imposition of civil or criminal penalties.

Patient Protection and Affordable Health Care Act

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act (collectively, the "**ACA**"), became law in the United States in March 2010, and have driven healthcare reform in the United States by extending health insurance coverage and substantially changing the way healthcare financed by both governmental and private insurers in the United States. With regard to pharmaceutical products specifically, the ACA expanded and increased industry rebates for drugs covered under Medicaid programs and made changes to the coverage requirements under the Medicare prescription drug benefit. Among other things, the ACA contains provisions that may reduce the profitability of drug products through increased rebates for drugs reimbursed by Medicaid programs, extension of Medicaid rebates to Medicaid managed care plans, and mandatory discounts for certain Medicare Part D beneficiaries and annual fees based on pharmaceutical companies' share of sales to federal health care programs.

Since its enactment, there have been judicial and congressional challenges to certain aspects of the ACA, and there may be additional challenges and amendments to the ACA in the future. Since January 2017, former President Trump has signed Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, several bills affecting the implementation of certain taxes under the ACA have passed, for example, the Tax Act enacted by the Congress in 2017 which eliminated the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." In addition, the 2020 federal spending package permanently eliminates, effective January 1, 2020, the ACA mandated "Cadillac" tax on high-cost employer-sponsored health coverage and medical device tax and, effective January 1, 2021, also eliminates the health insurer tax. There may be other efforts to challenge, repeal or replace the ACA.

Patent Term Restoration and Marketing Exclusivity

After approval, owners of relevant drug or biological product patents may apply for up to a five-year patent extension to restore a portion of patent term lost during product development and FDA review of a BLA if approval of the application is the first permitted commercial marketing or use of a biologic containing the active ingredient under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Act. The allowable patent term extension is calculated as one-half of the product's testing phase, which is the time between IND and BLA submission, and all of the review phase, which is the time between BLA submission and approval, up to a maximum of five years. The time can be shortened if the FDA determines that the applicant did not pursue approval with due diligence. The total patent term after the extension may not exceed more than 14 years from the date of FDA approval of the product. Only one patent claiming each approved product is eligible for restoration, only those claims covering the approved product, a method for using it, or a method for manufacturing it may be extended, and the patent holder must apply for restoration within 60 days of approval. The United States Patent and Trademark Office (the "**USPTO**"), in consultation with the FDA, reviews and approves the application for patent term restoration. For patents that might expire during the application phase, the patent owner may request an interim patent extension. An interim patent extension increases the patent term by one year and may be renewed up to four times. For each interim patent extension granted, the post-approval patent extension is reduced by one year. The director of the USPTO must determine that approval of the drug candidate covered by the patent for which a patent extension is being sought is likely. Interim patent extensions are not available for a drug candidate for which a BLA has not been submitted.

OVERVIEW

We are a science-driven biotechnology company dedicated to the development of next-generation immuno-oncology therapies. We are one of the few biotechnology companies globally adopting a systematic approach to harness both the innate and adaptive immune systems. Currently approved immunotherapies primarily focus on the adaptive immune system and are often confronted with limited clinical benefits due to low response rates and inevitable drug resistance and/or relapse in many cancer indications. Harnessing both the innate and adaptive immune systems allows us to overcome the limitations of current T-cell-based immunotherapies and address significant unmet medical needs of cancer patients.

Our Company was established in the PRC on June 18, 2015 by Dr. Tian, our founder of the Group, chairman of our Board, chief executive officer, chief scientific officer and executive Director, with his personal funds. Dr. Tian has been leading the research and development activities, overall development strategy, business operations and management of our Group since he founded our Company. For more details of the experience and qualifications of Dr. Tian, see "Directors, Supervisors and Senior Management."

MILESTONES

The following is a summary of our key business development milestones since our inception:

Month	Milestone
Jun 2015	Our Company was incorporated in the PRC with limited liability
Feb 2017	We completed our Series Pre-A Financing and raised RMB30 million
Apr 2018	We completed our Series A Financing and raised RMB90 million
May 2019	Our Company received the IND approval for IMM01 from the NMPA
Sep 2019	The first patient of the Phase I clinical trial for IMM01 was enrolled
Nov 2019	Our Company received the IND approval for IMM0306 from the NMPA
Jan 2020	We completed our Series Pre-B Financing and raised RMB40 million
Jun 2020	Our Company established our pilot production line with 200L GE single-use mammalian cell bioreactors
Nov 2020	We completed our Series B Financing and raised RMB240 million
Dec 2020	Our Company received the IND approval for IMM2510 from the NMPA
Jan 2021	Our Company received the IND approval for IMM0306 from the FDA
Apr 2021	We completed our Series B+ Financing and raised approximately US$65 million
Jun 2021	Our Company received the IND approval for IMM2902 from the NMPA
Aug 2021	Our Company received the IND approval for IMM2902 from the FDA, and the IND approval for the Phase Ib/II clinical trial of IMM01's combination with each of azacitidine and CIPTERBIN® (inetetamab, a HER2 mAb) from the NMPA
Oct 2021	We commenced the Phase II clinical trial for IMM01 and dosed its first patient
Nov 2021	Our Company received the IND approval for IMM27M from the NMPA
Jan 2022	We completed our Series C Financing and raised approximately US$87.5 million

Month	Milestone
	We commenced the Phase Ib/II clinical trial for IMM01's combination with azacitidine and dosed its first patient
Feb 2022	Our Company received the IND approval for the combination of IMM01 and tislelizumab from the NMPA
	The Phase I trial for IMM2902 dosed its first patient in China
May 2022	We commenced the Phase Ib/II trial in China for IMM01's combination with tislelizumab for the treatment of various advanced solid tumors and dosed its first patient
Jun 2022	The Phase I clinical trial for IMM27M dosed its first patient in China
	The Phase I clinical trial for IMM2902 dosed its first patient in US
	We obtained the consent from NMPA for adding R/R cHL as an additional expansion cohort into the combination trial of IMM01 and tislelizumab
	We commenced the Phase II clinical trial for IMM01's combination with azacitidine and dosed its first patient
Aug 2022	Our Company received the IND approvals for IMM40H from the NMPA and the FDA respectively
Nov 2022	Our Company received the IND approval for IMM2520 from the NMPA
Dec 2022	Our Company received the IND approval for IMM2520 from the FDA
	We commenced the Phase II trial in China for IMM01's combination with tislelizumab
Jan 2023	Our IND application for the combination of IMM0306 and lenalidomide targeting front-line B-NHL was approved by the NMPA
Mar 2023	We received an IND approval from the NMPA for a Phase Ib/II study to evaluate the combination of IMM27M and a PD-1 antibody
	We commenced the Phase IIa trial for IMM0306 monotherapy for the third- or later-line treatment of FL in China
	We dosed the first patient for the Phase I clinical trial for IMM2520 in China

OUR SUBSIDIARIES

As of the Latest Practicable Date, we had four wholly-owned subsidiaries and their details are set forth below:

ImmuneOnco Shanghai

ImmuneOnco Shanghai was established in the PRC on September 28, 2021 with a registered capital of RMB10,000,000 and was established for the purpose of drug manufacturing activities. As of the Latest Practicable Date, ImmuneOnco Shanghai had not commenced any business operations and had been wholly owned by our Company since its establishment.

ImmuneTANK

ImmuneTANK was established in the PRC on February 5, 2018 with a registered capital of RMB2,000,000 and was established for the purpose of research and development of exploratory stage immunotherapies. As of the Latest Practicable Date, ImmuneTANK had not commenced any business operations and had been wholly owned by our Company since its establishment.

Macroimmune

Macroimmune was established under the laws of Delaware on January 6, 2014 with an authorized share capital of 1,500 shares having a par value of US$0.01 per share. On June 2, 2016, our Company entered into a share purchase agreement with Dr. Yumei Ding, Dr. Tian's spouse and currently a consultant of the Group, pursuant to which Dr. Ding transferred the 100% equity interests she held in Macroimmune to the Company at a consideration of US$20,000, which was determined with reference to the then estimated value of the assets held by Macroimmune, being certain intellectual property right, and after considering the benefit of having a U.S. subsidiary to deal with administrative matters for our Group's operations in the United States. Upon the completion of the acquisition on June 13, 2016, Macroimmune became a wholly-owned subsidiary of our Company. As of the Latest Practicable Date, Macroimmune was primarily engaged in administrative matters for our Group's business operations in the United States.

ImmuneOnco Hong Kong

ImmuneOnco Hong Kong was established in Hong Kong on September 15, 2021 with a share capital of HK$1 and was established for the purpose of the Group's financing activities, investor and regulatory communications and global business development. It has been wholly owned by our Company since its establishment.

There has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this document.

ESTABLISHMENT AND MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

(1) Establishment of our Company in 2015

Our Company was established as a limited liability company in the PRC on June 18, 2015 with an initial registered capital of RMB2,000,000. At the time of the establishment, our Company was known as ImmuneOnco Biopharmaceuticals (Shanghai) Co. Ltd (宜明昂科生物醫藥技術(上海)有限公司) and wholly owned by Dr. Tian.

Since its establishment, our Company has undertaken a series of capital increases to raise funds for the development of our business and to bring in new Shareholders. The major shareholding changes of our Company are set out below.

(2) Series Pre-A Financing

On December 11, 2015, pursuant to a capital increase subscription agreement entered into among our Company, Dr. Tian and Shanghai Zhangjiang Leading Initiating Venture Capital (Limited Partnership) (上海張科領弋升帆創業投資中心(有限合夥)) ("**ZJ Leading Initiating VC**"), ZJ Leading Initiating VC acquired the newly issued registered capital of RMB1,206,897 at a consideration of RMB25,000,000. The aforementioned capital increase was completed on January 9, 2017.

On March 1, 2016, pursuant to a capital increase subscription agreement entered into among our Company, Dr. Tian, ZJ Leading Initiating VC and Zhangjiang Sci & Tech, Zhangjiang Sci & Tech acquired the newly issued registered capital of RMB241,379 at a consideration of RMB5,000,000. The aforementioned capital increase was completed on February 23, 2017.

Upon completion of the Series Pre-A Financing, the shareholding structure of our Company was as follows:

Shareholder	Registered capital	Equity interest
	(RMB)	*(%)*
Dr. Tian	2,000,000	58.00
ZJ Leading Initiating VC	1,206,897	35.00
Zhangjiang Sci & Tech	241,379	7.00
Total	**3,448,276**	**100.00**

For details of the Series Pre-A Financing and backgrounds of ZJ Leading Initiating VC and Zhangjiang Sci & Tech, see "— Pre-**[REDACTED]** Investments" below.

(3) Equity Transfer to Jiaxing Changxian

On April 29, 2016, Jiaxing Changxian, one of our Onshore Employee Shareholding Platforms, was established under the laws of PRC. On August 3, 2016, pursuant to an equity transfer agreement entered into between Dr. Tian and Jiaxing Changxian, for the purpose of providing share incentive to the key employees and management of the Company, Dr. Tian agreed to transfer to Jiaxing Changxian RMB344,828 registered capital of our Company at a consideration of RMB992,100, which was determined with reference to the proportionate net asset value of our Company at that time.

Upon completion of the aforementioned equity transfer on August 22, 2016, the shareholding structure of our Company was as follows:

Shareholder	Registered capital	Equity interest
	(RMB)	*(%)*
Dr. Tian	1,655,172	48.00
ZJ Leading Initiating VC	1,206,897	35.00
Jiaxing Changxian	344,828	10.00
Zhangjiang Sci & Tech	241,379	7.00
Total	**3,448,276**	**100.00**

For details of Jiaxing Changxian, see "— Employee Shareholding Platforms" below.

(4) Equity Transfer and Series A Financing

On November 25, 2017, pursuant to a capital increase subscription agreement entered into among our Company, Dr. Tian, Shihezi Yaluo Equity Investment Partnership (Limited Partnership) (石河子市雅羅股權投資有限合夥企業) ("**Yaluo Investment**"), Jiaxing Changxian, ZJ Leading Initiating VC and Zhangjiang Sci & Tech, Yaluo Investment acquired the newly issued registered capital of RMB173,863 at a consideration of RMB15,000,000. The aforementioned capital increase was completed on January 23, 2018.

On March 29, 2018, pursuant to an equity transfer and capital increase agreement entered into among our Company, Beijing Lapam Healthcare Investment Centre (Limited Partnership) (北京龍磐健康醫療投資中心(有限合夥)) ("**Lapam Capital**"), Beijing Chongde Yingsheng Venture Capital Co., Ltd (北京崇德英盛創業投資有限公司) ("**Chongde VC**"), Beijing Yuanchuangke

Equity Investment Fund Management Centre (Limited Partnership) (北京原創客股權投資基金管理中心(有限合夥)) ("**Yuanchuangke Investment**"), Ningbo Langsheng Qianhui Investment Partnership (Limited Partnership) (寧波朗盛千匯投資合夥企業(有限合夥)) ("**Langsheng Investment**"), Beijing Zhonghai Jiasu Equity Investment Partnership (Limited Partnership) (北京衆海嘉速股權投資合夥企業(有限合夥)) ("**Zhonghai Jiasu**"), Shanghai Licheng Yijing Equity Investment Management Centre (Limited Partnership) (上海理成宜璟股權投資管理中心(有限合夥)) ("**Licheng Investment**") and the then existing Shareholders of our Company, (i) Lapam Capital, Chongde VC, Yuanchuangke Investment, Langsheng Investment, Zhonghai Jiasu and Licheng Investment acquired a total of RMB776,175 newly issued registered capital of our Company at an aggregate consideration of RMB75,000,000; and (ii) ZJ Leading Initiating VC agreed to sell, and Lapam Capital, Chongde VC, Yuanchuangke Investment, Langsheng Investment, Zhonghai Jiasu and Licheng Investment agreed to purchase a total of RMB294,005 registered capital of the Company at an aggregate consideration of RMB25,000,000. The aforementioned capital increase and equity transfers were completed on April 9, 2018.

Upon completion of the abovementioned equity transfer and Series A Financing, the shareholding structure of our Company was as follows:

Shareholder	Registered capital	Equity interest
	(RMB)	*(%)*
Dr. Tian	1,655,172	37.63
ZJ Leading Initiating VC	912,892	20.76
Lapam Capital	428,072	9.73
Jiaxing Changxian	344,828	7.84
Zhangjiang Sci & Tech	241,379	5.49
Langsheng Investment	214,036	4.87
Licheng Investment	214,036	4.87
Yaluo Investment	173,863	3.94
Zhonghai Jiasu	107,018	2.43
Chongde VC	53,509	1.22
Yuanchuangke Investment	53,509	1.22
Total	**4,398,314**	**100.00**

For details of the Series A Financing and backgrounds of the relevant investors, see "— Pre-**[REDACTED]** Investments" below.

(5) Series Pre-B Financing

On November 25, 2019, our Company, Shijiazhuang Hi-Tech Zone Puen Guoxin Equity Investment Centre (Limited Partnership) (石家莊高新區普恩國新股權投資中心(有限合夥)) ("**Puen Guoxin**"), Shengzhou Minglang Industrial Development Equity Investment Fund Partnership (Limited Partnership) (嵊州市銘朗產業發展股權投資基金合夥企業(有限合夥)) ("**Minglang Capital**"), and the then existing Shareholders of our Company entered into an equity transfer and capital increase agreement, pursuant to which (i) Puen Guoxin acquired the newly issued registered capital of RMB109,958 at a consideration of RMB20,000,000; (ii) Minglang Capital acquired the newly issued registered capital of RMB109,958 at a consideration of RMB20,000,000, and (iii) Zhonghai Jiasu agreed to sell and Minglang Capital agreed to purchase the registered capital of RMB33,833 of our Company at a consideration of RMB5,000,000. The aforementioned equity transfer and capital increase were completed on January 22, 2020.

Upon completion of the Series Pre-B Financing, the shareholding structure of our Company was as follows:

Shareholder	Registered capital	Equity interest
	(RMB)	*(%)*
Dr. Tian	1,655,172	35.85
ZJ Leading Initiating VC	912,892	19.77
Lapam Capital	428,072	9.27
Jiaxing Changxian	344,828	7.47
Zhangjiang Sci & Tech	241,379	5.23
Langsheng Investment	214,036	4.63
Licheng Investment	214,036	4.63
Yaluo Investment	173,863	3.76
Minglang Capital	143,791	3.11
Puen Guoxin	109,958	2.38
Zhonghai Jiasu	73,185	1.58
Chongde VC	53,509	1.16
Yuanchuangke Investment	53,509	1.16
Total	**4,618,230**	**100.00**

For details of the Series Pre-B Financing and backgrounds of the relevant investors, see "— Pre-**[REDACTED]** Investments" below.

(6) Equity Transfer and Series B Financing

On June 22, 2020, our Company, Gongqing City Ruiji Fund III Investment Partnership (共青城瑞吉三期投資合夥企業(有限合夥)) ("**Ruiji III**") and the then existing Shareholders of our Company entered into a capital increase agreement, pursuant to which Ruiji III acquired the newly issued registered capital of RMB269,397 at a consideration of RMB70,000,000. The aforementioned capital increase was completed on June 28, 2020.

On August 24, 2020, in connection with the Series B Financing, Zhonghai Jiasu and Suzhou Likang Equity Investment Centre (Limited Partnership) (蘇州禮康股權投資中心(有限合夥)) ("**Suzhou Likang**") entered into an equity transfer agreement pursuant to which, Zhonghai Jiangsu agreed to transfer, and Suzhou Likang agreed to purchase the registered capital of RMB73,185 of our Company at a consideration of RMB14,970,000. The aforementioned equity transfer was completed on October 16, 2020.

On the same date, our Company, Suzhou Likang, Jiaxing Qiyue Equity Investment Partnership (Limited Partnership) (嘉興齊越股權投資合夥企業(有限合夥)) ("**Jiaxing Qiyue**"), LAV ImmuneOnco Hong Kong Limited (禮安宜明有限公司) ("**LAV ImmuneOnco**"), Borah Peak Limited ("**Borah Peak**") and the then existing Shareholders of our Company entered into a capital increase agreement as part of the Series B Financing, pursuant to which (i) Suzhou Likang acquired the newly issued registered capital of RMB89,875 at a consideration of RMB23,353,333; (ii) LAV ImmuneOnco acquired the newly issued registered capital of RMB294,977 at a consideration of approximately US$11,395,599 (equivalent to RMB76,646,667[(1)]); (iii) Borah Peak acquired the newly issued registered capital of RMB153,941 at a consideration of approximately US$5,952,814 (equivalent to RMB40,000,000[(1)]) and (iv) Jiaxing Qiyue acquired the newly issued registered capital of RMB115,456 at a consideration of RMB30,000,000. The aforementioned capital increases were completed on November 3, 2020.

Note:

(1) Calculated based on the currency conversion rate at the relevant time.

Upon completion of the abovementioned equity transfer and Series B Financing, the shareholding structure of our Company was as follows:

Shareholder	Registered capital	Equity interest
	(RMB)	*(%)*
Dr. Tian	1,655,172	29.88
ZJ Leading Initiating VC	912,892	16.47
LAV		
– LAV ImmuneOnco	294,977	5.32
– Suzhou Likang	163,060	2.94
Lapam Capital	428,072	7.72
Jiaxing Changxian	344,828	6.22
Ruiji III	269,397	4.86
Zhangjiang Sci & Tech	241,379	4.36
Langsheng Investment	214,036	3.86
Licheng Investment	214,036	3.86
Yaluo Investment	173,863	3.14
Borah Peak	153,941	2.78
Minglang Capital	143,791	2.59
Jiaxing Qiyue	115,456	2.08
Puen Guoxin	109,958	1.98
Chongde VC	53,509	0.97
Yuanchuangke Investment	53,509	0.97
Total	**5,541,876**	**100.00**

For details of the Series B Financing and backgrounds of the relevant investors, see "— Pre-**[REDACTED]** Investments" below.

(7) Equity Transfer and Series B+ Financing

Pursuant to the Shareholders' resolutions passed on February 10, 2021, in connection with the Series B+ Financing, each of (i) Dr. Tian and Suzhou Likang; (ii) ZJ Leading Initiating VC and Granite Peak Limited ("**Granite Peak**"); (iii) Ruiji III and LAV ImmOn Hong Kong Limited (禮安宜申有限公司) ("**LAV ImmOn**"); (iv) Ruiji III and Suzhou Likang; (v) ZJ Leading Initiating VC and Suzhou Likang; (vi) Minglang Capital and Jiaxing Zhangke Lingyi Siqi Equity Investment Partnership (Limited Partnership) (嘉興張科領弋思齊股權投資合夥企業(有限合夥)) ("**ZJ Leading SiQi VC**"); (vii) Ruiji III and Granite Peak and (viii) Ruiji III and LAV ImmuneOnco entered into an equity transfer agreement dated February 10, 2021 with details as follows:

Transferor	Transferee	Transferred registered capital	Equity interest	Consideration
		(RMB)	*(%)*	*(RMB)/(US$)*
Dr. Tian	Suzhou Likang	95,550	1.72	RMB50,000,000
ZJ Leading Initiating VC	Granite Peak	64,974	1.17	RMB34,000,000
Ruiji III	LAV ImmOn	52,400	0.95	US$3,069,158
Ruiji III	Suzhou Likang	31,440	0.57	RMB11,900,293
ZJ Leading Initiating VC	Suzhou Likang	30,576	0.55	RMB16,000,000
Minglang Capital	ZJ Leading SiQi VC	26,754	0.48	RMB14,000,000
Ruiji III	Granite Peak	21,136	0.38	RMB8,000,000

Transferor	Transferee	Transferred registered capital	Equity interest	Consideration
		(RMB)	*(%)*	*(RMB)/(US$)*
Ruiji III.	LAV ImmuneOnco	10,480	0.19	US$613,832

The aforementioned equity transfers were completed on April 9, 2021.

On the same date, our Company, GBA Fund Investment Limited (**"GBA Investment"**), Shanghai Sci-Tech Innovation Center Capital Fund I (Limited Partnership) (上海科創中心壹號股權投資基金合夥企業(有限合夥)) ("**Sci-Tech Fund I**"), LAV ImmOn, Granite Peak, ZJ Leading SiQi VC, and the then existing Shareholders of our Company entered into a capital increase agreement, pursuant to which GBA Investment, Sci-Tech Fund I, LAV ImmuneOnco, LAV ImmOn, Granite Peak and ZJ Leading SiQi VC acquired a total of the newly issued registered capital of RMB806,245 at an aggregate consideration of US$65,467,010. The aforementioned capital increase was completed on April 1, 2021.

Upon completion of the abovementioned equity transfer and Series B+ Financing, the shareholding structure of our Company was as follows:

Shareholder	Registered capital	Equity interest
	(RMB)	*(%)*
Dr. Tian.	1,559,622	24.58
ZJ Leading VC		
– ZJ Leading Initiating VC	817,342	12.89
– ZJ Leading SiQi VC.	123,429	1.94
LAV		
– LAV ImmuneOnco	337,306	5.31
– Suzhou Likang	320,626	5.05
– LAV ImmOn.	211,647	3.33
Lapam Capital.	428,072	6.74
LYFE Capital		
– Granite Peak.	201,874	3.18
– Borah Peak.	153,941	2.43
Jiaxing Changxian.	344,828	5.43
GBA Investment	307,882	4.85
Zhangjiang Sci & Tech	241,379	3.80
Langsheng Investment.	214,036	3.37
Licheng Investment.	214,036	3.37
Yaluo Investment.	173,863	2.74
Ruiji III.	153,941	2.43
Minglang Capital.	117,037	1.84
Jiaxing Qiyue	115,456	1.82
Puen Guoxin	109,958	1.73
Sci-Tech Fund I	94,828	1.49
Chongde VC	53,509	0.84
Yuanchuangke Investment	53,509	0.84
Total.	**6,348,121**	**100.00**

For details of the Series B+ Financing and backgrounds of the relevant investors, see "— Pre-**[REDACTED]** Investments" below.

(8) Equity Transfer and Series C Financing

Pursuant to the Shareholders' resolutions passed on December 20, 2021 and the equity transfer agreements entered into with the respective investors, in connection with the Series C Financing, Puen Guoxin transferred, and LAV ImmOn, Suzhou Lirun Equity Investment Centre (Limited Partnership) (蘇州禮潤股權投資中心(有限合夥)) ("**Suzhou Lirun**"), Nanjing Xingjian Ruiying Equity Investment Partnership (Limited Partnership) (南京星健睿贏股權投資合夥企業(有限合夥)) ("**Nanjing Xingjian Ruiying**"), Suzhou Guofeng Dingjia Venture Capital Partnership (Limited Partnership) (蘇州國豐鼎嘉創業投資合夥企業(有限合夥)) ("**Cash Capital**"), Milestone Asset Management (Cayman) Co., Ltd. ("**Milestone Asset**"), Jiaxing Liyou Equity Investment Partnership (嘉興理悠股權投資合夥企業(有限合夥)) ("**Jiaxing Liyou**"), Beijing Yuanpei Technology Innovation Investment Centre (Limited Partnership) (北京元培科技創新投資中心(有限合夥)) ("**Beijing Yuanpei**"), Huanghe Delta Rongchang (Yantai) Entrepreneurship Investment Partnership (Limited Partnership) (黃河三角洲榮昌(煙台)創業投資合夥企業(有限合夥)) ("**Rongchang Chuangtou**"), Zibo Juancheng No. 2 Equity Investment Fund Partnership (Limited Partnership) (淄博雋誠貳號股權投資基金合夥企業(有限合夥)) ("**Wuming Investment**"), Gongqing City Chuangdongfang Huaying Equity Investment Partnership (Limited Partnership) (共青城創東方華盈股權投資合夥企業(有限合夥)) ("**Chuangdongfang Investment**"), Jiaxing Kuanyu Zeyou Equity Investment Partnership (Limited Partnership) (嘉興寬愉澤優股權投資合夥企業(有限合夥)) ("**Kuanyu Capital**"), and Wuhu Bloomage Langya Healthcare Industry Investment Partnership (Limited Partnership) (蕪湖華熙朗亞健康產業投資合夥企業(有限合夥)) ("**Bloomage Langya**") acquired registered capital of RMB54,979 of our Company at an aggregate consideration of RMB31,265,026. The aforementioned equity transfers were completed on February 17, 2022.

On the same date, pursuant to a capital increase agreement entered into among our Company, Sunshine Life Insurance Corporation Limited (陽光人壽保險股份有限公司) ("**Sunshine Life**"), Suzhou Lirun, Nanjing Xingjian Ruiying, Cash Capital, Milestone Asset, Jiaxing Liyou, Beijing Yuanpei, Rongchang Chuangtou, Wuming Investment, Chuangdongfang Investment, Kuanyu Capital, Bloomage Langya, Jiaxing Jianxin Chenyue Equity Investment Partnership (Limited Partnership) (嘉興建信宸玥股權投資合夥企業(有限合夥)) ("**Jianxin Chenyue**") and the then existing Shareholders of our Company, Sunshine Life, LAV ImmOn, Suzhou Lirun, Nanjing Xingjian Ruiying, Cash Capital, Milestone Asset, Jiaxing Liyou, Beijing Yuanpei, Rongchang Chuangtou, Wuming Investment, Chuangdongfang Investment, Kuanyu Capital, Bloomage Langya, and Jianxin Chenyue acquired a total of newly issued registered capital of RMB835,279 of our Company at an aggregate consideration of US$87,500,000. The aforementioned capital increase was completed on January 27, 2022.

On the same date, our Company issued (i) registered capital of RMB329,771 to Jiaxing Changyu, one of our Onshore Employee Shareholding Platforms, at a consideration of RMB2,708,805 and (ii) registered capital of RMB400,000 to Halo Investment II, our Offshore Employee Shareholding Platform, at a consideration of US$515,160, respectively. Such consideration was determined with reference to the previous valuation at which Jiaxing Changxian (one of our Onshore Employee Shareholding Platforms) subscribed, for the development of our Company and in view of the significance of providing incentives to our key employees. The aforementioned capital increase was completed on January 27, 2022. For further details of our Employee Shareholding Platforms, see "— Employee Shareholding Platforms" below.

Upon completion of the abovementioned equity transfer and the Series C Financing, the shareholding structure of our Company was as follows:

Shareholder	Registered Capital	Equity interest
	(RMB)	*(%)*
Dr. Tian	1,559,622	19.71
LAV		
– LAV ImmuneOnco	337,306	4.26
– Suzhou Likang	320,626	4.05
– LAV ImmOn	278,729	3.52
– Suzhou Lirun	33,504	0.42
ZJ Leading VC		
– ZJ Leading Initiating VC	817,342	10.33
– ZJ Leading SiQi VC	123,429	1.56
Lapam Capital	428,072	5.41
Halo Investment II	400,000	5.05
Milestone Entities		
– Licheng Investment	214,036	2.71
– Jiaxing Liyou	105,414	1.33
– Milestone Asset	48,556	0.61
LYFE Capital		
– Granite Peak	201,874	2.55
– Borah Peak	153,941	1.95
Jiaxing Changxian	344,828	4.36
Jiaxing Changyu	329,771	4.17
GBA Investment	307,882	3.89
Zhangjiang Sci & Tech	241,379	3.05
Langsheng Investment	214,036	2.71
Yaluo Investment	173,863	2.20
Ruiji III	153,941	1.95
Sunshine Life	148,918	1.88
Minglang Capital	117,037	1.48
Jiaxing Qiyue	115,456	1.46
Sci-Tech Fund I	94,828	1.20
Nanjing Xingjian Ruiying	75,442	0.95
Cash Capital	75,442	0.95
Jianxin Chenyue	74,459	0.94
Puen Guoxin	54,979	0.70
Chongde VC	53,509	0.68
Yuanchuangke Investment	53,509	0.68
Beijing Yuanpei	48,556	0.61
Wuming Investment	46,499	0.59
Rongchang Chuangtou	45,472	0.57
Chuangdongfang Investment	45,471	0.57
Kuanyu Capital	45,471	0.57
Bloomage Langya	29,972	0.38
Total	**7,913,171**	**100.00**

For details of the Series C Financing and backgrounds of the relevant investors, see "— Pre-**[REDACTED]** Investments" below.

(9) Conversion into a joint stock company

On March 14, 2022, the then Shareholders of our Company passed resolutions approving, among other things, the conversion of our Company from a limited liability company into a joint stock company and the change of name of our Company from ImmuneOnco Biopharmaceuticals (Shanghai) Co. Ltd (宜明昂科生物醫藥技術(上海)有限公司) to ImmuneOnco Biopharmaceuticals (Shanghai) Inc. (宜明昂科生物醫藥技術(上海)股份有限公司).

Pursuant to the promoters' agreement dated May 23, 2022 which were signed by all the then Shareholders of our Company, (i) the Company's audited net assets value in an amount of RMB1,010,563,065.06 as of January 31, 2022 was converted into 356,092,695 Shares with a nominal value of RMB1.00 each at a ratio of 1:0.35237, which were issued to the then Shareholders in proportion to their respective equity interests in the registered capital of our Company and (ii) the remaining net assets value of RMB654,470,370.06 was credited as capital reserves of our Company. Upon completion of the conversion, the then Shareholders received 45 Shares for each RMB1 registered capital of our Company held by them before the conversion. The conversion was completed on June 14, 2022.

Upon completion of the conversion, the shareholding structure of our Company was as follows:

Shareholder	Number of Shares	Equity interest
		(%)
Dr. Tian	70,182,990	19.71
LAV		
– LAV ImmuneOnco	15,178,770	4.26
– Suzhou Likang	14,428,170	4.05
– LAV ImmOn	12,542,805	3.52
– Suzhou Lirun	1,507,680	0.42
ZJ Leading VC		
– ZJ Leading Initiating VC	36,780,390	10.33
– ZJ Leading SiQi VC	5,554,305	1.56
Lapam Capital	19,263,240	5.41
Halo Investment II	18,000,000	5.05
Milestone Entities		
– Licheng Investment	9,631,620	2.71
– Jiaxing Liyou	4,743,630	1.33
– Milestone Asset	2,185,020	0.61
LYFE Capital		
– Granite Peak	9,084,330	2.55
– Borah Peak	6,927,345	1.95
Jiaxing Changxian	15,517,260	4.36
Jiaxing Changyu	14,839,695	4.17
GBA Investment	13,854,690	3.89
Zhangjiang Sci & Tech	10,862,055	3.05
Langsheng Investment	9,631,620	2.71
Yaluo Investment	7,823,835	2.20
Ruiji III	6,927,345	1.95
Sunshine Life	6,701,310	1.88
Minglang Capital	5,266,665	1.48
Jiaxing Qiyue	5,195,520	1.46
Sci-Tech Fund I	4,267,260	1.20
Nanjing Xingjian Ruiying	3,394,890	0.95
Cash Capital	3,394,890	0.95

Shareholder	Number of Shares	Equity interest
		(%)
Jianxin Chenyue	3,350,655	0.94
Puen Guoxin	2,474,055	0.70
Chongde VC	2,407,905	0.68
Yuanchuangke Investment	2,407,905	0.68
Beijing Yuanpei	2,185,020	0.61
Wuming Investment	2,092,455	0.59
Rongchang Chuangtou	2,046,240	0.57
Chuangdongfang Investment	2,046,195	0.57
Kuanyu Capital	2,046,195	0.57
Bloomage Langya	1,348,740	0.38
Total	**356,092,695**	**100.00**

Our PRC Legal Advisor has confirmed that all the required consents, approvals, authorization or filings in relation to the changes of our shareholding described above have been made and obtained and the aforesaid changes of our shareholding have been properly and legally completed in accordance with the applicable PRC laws and regulations.

ACQUISITION, MERGER AND DISPOSAL

Throughout the Track Record Period and as of the Latest Practicable Date, we did not conduct any acquisitions, mergers or disposals.

EMPLOYEE SHAREHOLDING PLATFORMS

In recognition of the contributions of our employees and to incentivize them to further promote our development, Jiaxing Changxian and Jiaxing Changyu were established pursuant to PRC law as the Onshore Employee Shareholding Platforms mainly for our PRC employees. Further, Halo Investment II was established pursuant to BVI law as the Offshore Employee Shareholding Platform mainly for our overseas employees and consultants.

Jiaxing Changxian

Jiaxing Changxian is a limited partnership established under the laws of the PRC on April 29, 2016 and managed by its executive partner, Jiaxing Hanning Enterprise Management Co., Ltd. (嘉興翰濘企業管理有限公司) ("**Jiaxing Hanning**"), a limited liability company established under the laws of PRC which holds 0.1% partnership interests in Jiaxing Changxian and is ultimately controlled by Dr. Tian. As of the Latest Practicable Date, the remaining 99.9% partnership interests of Jiaxing Changxian were held by 17 limited partners, including but not limited to Dr. Tian (our executive Director), Mr. Li Song (our executive Director and vice president), Mr. Zhang Ruliang (our deputy general manager and senior vice president), Dr. Zhenping Zhu (our independent non-executive Director), Ms. Guan Mei (our secretary of the Board and director of the financing and investment strategy department), Ms. Tian Miao (our Supervisor), Mr. Zhao Zimeng (our employee representative Supervisor) and other key R&D personnel. As of the Latest Practicable Date, Jiaxing Changxian directly held approximately 4.36% equity interest in our Company. For details of the Employee Incentive Plan in respect of Jiaxing Changxian, see "Appendix VI — Statutory and General Information — C. Further Information about Directors, Supervisors, Management and Substantial Shareholders — 4. Employee Incentive Plans."

Jiaxing Changyu

Jiaxing Changyu is a limited partnership established under the laws of the PRC on March 24, 2021 and managed by Jiaxing Hanning which holds 0.0014% partnership interests in Jiaxing Changyu and is ultimately controlled by Dr. Tian. As of the Latest Practicable Date, the remaining 99.9986% partnership interests were held by 14 limited partners, including but not limited to Dr. Tian (our executive Director), Mr. Zhang Ruliang (our deputy general manager and senior vice president), Dr. Lu Qiying (our chief medical officer and senior vice president), Dr. Xiong Zikai (our senior vice president) and other key employees of our Company. As of the Latest Practicable Date, Jiaxing Changyu directly held approximately 4.17% equity interest in our Company. For details of the Employee Incentive Plan in respect of Jiaxing Changyu, see "Appendix VI — Statutory and General Information — C. Further Information about Directors, Supervisors, Management and Substantial Shareholders — 4. Employee Incentive Plans."

Halo Investment II

Halo Investment II is a limited liability company established in the BVI on October 20, 2021, which is wholly owned by Halo LP, a limited partnership established under the laws of the BVI. The general partner of Halo LP is Halo Biomedical Investment I Limited (the "**Halo Investment I**"), a limited liability company established in the BVI with its sole shareholder being Ms. Song Ziyi ("**Ms. Song**"), our executive Director. Pursuant to a voting agreement dated April 29, 2022 entered into between Ms. Song and Dr. Tian, Dr. Tian is entitled to exercise the voting rights in respect of all the shares in Halo Investment I held by Ms. Song. Dr. Tian is the sole director of Halo Investment I. Therefore, all the management powers and voting rights of Halo LP reside with Dr. Tian. As of the Latest Practicable Date, the partnership interests in Halo LP were held by six limited partners, including but not limited to Ms. Song, Dr. Frank Xiaodong Gan (our senior vice president) and Dr. Yumei Ding (the spouse of Dr. Tian and a consultant of the Group). As of the Latest Practicable Date, Halo Investment II directly held approximately 5.05% equity interest in our Company.

PRE-[REDACTED] INVESTMENTS

We attracted several **[REDACTED]** through equity subscriptions and transfers including: (i) Series Pre-A Financing; (ii) Series A Financing; (iii) Series Pre-B Financing; (iv) Series B Financing; (v) Series B+ Financing; and (vi) Series C Financing. For further details, see "— Establishment and Major Shareholding Changes of Our Company" above.

	Series Pre-A Financing	Series A Financing	Series Pre-B Financing	Series B Financing	Series B+ Financing	Series C Financing
Date of agreement[1]	December 11, 2015; March 1, 2016	November 25, 2017; March 29, 2018	November 25, 2019	June 22, 2020; August 24, 2020	February 10, 2021	December 17, 2021; December 20, 2021
Date of payment of full consideration	February 23, 2017	April 9, 2018	January 22, 2020	November 3, 2020	April 1, 2021	January 27, 2022
Approximate cost per RMB1.0 of the registered capital paid[2]	Equity subscription: RMB20.71	Equity subscription: RMB94.73	Equity subscription: RMB181.89	Equity subscription: RMB259.84	Equity subscription: RMB518.06	Equity subscription: RMB668.34
	—	Equity transfer: RMB85.03	Equity transfer: RMB147.78	Equity transfer: RMB204.55	Equity transfer: RMB472.23	Equity transfer: RMB568.67
Amount of registered capital subscribed and/or transferred	Equity subscription: RMB1,448,276	Equity subscription: RMB950,038	Equity subscription: RMB219,916	Equity subscription: RMB923,646	Equity subscription: RMB806,245	Equity subscription: RMB835,279[3]
	—	Equity transfer: RMB294,005	Equity transfer: RMB33,833	Equity transfer: RMB73,185	Equity transfer: RMB333,310	Equity transfer: RMB54,979
[REDACTED] to the [REDACTED] (in approximation)[4]	Equity subscription: **[REDACTED]**%	Equity subscription: **[REDACTED]**%	Equity subscription: **[REDACTED]**%	Equity subscription: **[REDACTED]**%	Equity subscription: **[REDACTED]**%	Equity subscription: **[REDACTED]**%
	—	Equity transfer: **[REDACTED]**%	Equity transfer: **[REDACTED]**%	Equity transfer: **[REDACTED]**%	Equity transfer: **[REDACTED]**%	Equity transfer: **[REDACTED]**%
Amount of consideration paid in connection with the equity subscription and transfers	Equity subscription: RMB30,000,000	Equity subscription: RMB90,000,000	Equity subscription: RMB40,000,000	Equity subscription: RMB240,000,000	Equity subscription: US$65,467,010	Equity subscription: US$87,500,000[3]
	—	Equity transfer: RMB25,000,000	Equity transfer: RMB5,000,000	Equity transfer: RMB14,970,000	Equity transfer: RMB157,397,769	Equity transfer: RMB31,265,026
Post-money valuation of our Company[5][7]	RMB71,428,571	RMB425,000,000	RMB840,000,000	RMB1,440,000,000[6]	US$515,467,974[6]	US$829,883,616[6]
Basis of determination of the valuation and consideration	The valuation and considerations for each round of Pre-**[REDACTED]** Investments were determined based on arm's length negotiation amongst the respective **[REDACTED]** and our Group (as the case may be) after taking into consideration of the status of our business operations and product development. Other factors were also taken into account in the determination of the consideration including but not limited to (i) the investment risk assumed by the relevant **[REDACTED]** under the market conditions at the time of the relevant investments and (ii) the strategic benefits which would be brought by the **[REDACTED]** to our Group as described below.					
Lock-up Period	Under the applicable PRC laws, all existing Shareholders (including the **[REDACTED]**) are subject to a lock-up period of 12 months following the **[REDACTED]**.					

	Series Pre-A Financing	Series A Financing	Series Pre-B Financing	Series B Financing	Series B+ Financing	Series C Financing
Use of [REDACTED] from the Pre-[REDACTED] Investments	The **[REDACTED]** from the equity subscriptions by the **[REDACTED]** have been used to support the R&D activities of our Group, including the R&D and clinical development associated with our Core Product and Key Products, as well as to support the working capital needs of our Group. As of the Latest Practicable Date, approximately 59% of the **[REDACTED]** from the equity subscriptions by the **[REDACTED]** were utilized.					
Strategic benefits of the [REDACTED] brought to our Company	At the time of the Pre-**[REDACTED]** Investments, our Directors were of the view that our Company would benefit from the additional capital provided by, and the knowledge and experience of our **[REDACTED]**. Our **[REDACTED]** include renowned companies in relevant industries and professional strategic investors, which can provide us with their industry insights and professional advice on our Group's development, corporate governance, financial reporting and internal control. In particular, ZJ Leading Initiating VC and Zhangjiang Sci & Tech, both of which are renowned regional financial institutions in the Zhangjiang High Tech Park of Shanghai, could introduce resources to our Group. Further, investors such as LAV and LYFE Capital (each as defined below) have further enhanced our Group's industry recognition and attracted talents to join our Group. Our Directors are also of the view that the **[REDACTED]**' investments demonstrated their confidence in our Group's operations and served as an endorsement of our Company's performance, strengths and prospects.					

Notes:

(1). Such date represents the date on which the relevant capital increase agreements and/or equity transfer agreements was signed.

(2). The cost per RMB1.0 of the registered capital paid is calculated based on the aggregate amount of consideration paid by the relevant **[REDACTED]** divided by the aggregate amount of registered capital they subscribed/transferred at the relevant time of the Pre-**[REDACTED]** Investments, using the currency conversion rate of US$1.00 to RMB6.38 as at December 31, 2021. For the avoidance of doubt, the relevant Pre-**[REDACTED]** investments were completed before the conversion of our Company into a joint stock company on June 14, 2022 as set out in "— (9) Conversion into a joint stock company."

(3). Such amount of registered capital purchased and consideration paid in connection with the equity subscription represented the newly issued registered capital to the relevant **[REDACTED]**.

(4). Calculated based on the currency conversion rate of HK$1 to RMB0.8551 and US$1 to HK$7.8498, on the basis of the **[REDACTED]** of HK$**[REDACTED]**, being the mid-point of the proposed range of the **[REDACTED]**, and is adjusted pursuant to the conversion of our Company from a limited liability company to a joint stock company on June 14, 2022 as set out in "— (9) Conversion into a joint stock company."

(5). The key reasons for the material increase in valuation of our Company are set forth below:

(a) The increase in valuation from Series Pre-A Financing to Series A Financing was mainly due to the majority of the IND-enabling studies of IMM01 conducted in 2017 and early 2018.

(b) The increase in valuation from Series A Financing to Series Pre-B Financing was mainly due to the IND approvals for IMM01 and IMM0306 from NMPA in May 2019 and November 2019, respectively.

(c) The increase in valuation from Series Pre-B Financing to Series B Financing was mainly due to the development of Phase I clinical trials for IMM01 since first half of 2020 and the commencement of Phase I clinical trials for IMM0306 in May 2020.

(d) The increase in valuation from Series B Financing to Series B+ Financing was mainly due to the progressive development of Phase I clinical trial for IMM01 since fourth quarter of 2020, the IND approval for IMM0306 from FDA received in January 2021, the IND approval for IMM2510 from NMPA received in December 2020 and the CMC pilot production for IMM01 since August 2020.

(e) The increase in valuation from Series B+ Financing to Series C Financing was mainly due to the commencement of Phase II clinical trial for IMM01 in October 2021 and the progressive development of Phase I clinical trial for IMM0306 since April 2021, the IND approvals for IMM2902 from NMPA and FDA received in June 2021 and August 2021, respectively, the IND approvals for combination of IMM01 and azacitidine, and IMM27M received from NMPA in August 2021 and November 2021, respectively, and the commencement of Phase I clinical trial for IMM2510 in August 2021.

(f) The increase in valuation from Series C Financing to the proposed **[REDACTED]** valuation for the **[REDACTED]** is mainly due to the development of Phase Ib/II for the combination of IMM01 and azacitidine since January 2022, the IND approval and clinical trial commencement for IMM01+ tislelizumab in February 2022 and May 2022, respectively, the commencement of clinical trial for IMM2902 in China and the United States in February 2022 and June 2022, respectively, the development of clinical trial for IMM0306, IMM2510 and IMM27M since January 2022, January 2022 and June 2022, respectively, the filing of IND application for IMM40H and IMM2520 to NMPA in June 2022 and August 2022, respectively, the commencement of IND-enabling for IMM47 in February 2022, and the **[REDACTED]** attached to the Shares of the Company as they become freely tradeable when the Company becomes **[REDACTED]**.

(6). The post-money valuation of our Company is calculated based on the currency conversion rate of US$1.00 to RMB6.38 as at December 31, 2021.

(7). The corresponding post-money valuation of our Company is calculated based on the valuation of our Company at the relevant time of each financing series taking into account the funds received from the **[REDACTED]** and the registered capital issued to our Employee Shareholding Platforms.

Special Rights of the [REDACTED]

According to the shareholders agreement entered into among our Company and the then existing Shareholders on December 20, 2021 (the "**Shareholders Agreement**"), the **[REDACTED]** were granted certain customary special rights, including but not limited to (i) right of first refusal and co-sale; (ii) director nomination right; (iii) anti-dilution rights; (iv) liquidation rights; (v) redemption rights; and (vi) information rights. All such special rights had been and/or will be terminated, according to the nature of such rights, upon the conversion of our Company into a joint stock company or, the submission of a **[REDACTED]** to the Stock Exchange in accordance with the Shareholders Agreement.

In the event that: (1) the Company fails to complete the **[REDACTED]** within 18 months from the submission of **[REDACTED]** to the Stock Exchange, or (2) (i) the Company voluntarily withdraws its **[REDACTED]**; (ii) the **[REDACTED]** is rejected or returned by the Stock Exchange; (iii) 12 months after the Stock Exchange considers that the Company is unable to comply with the **[REDACTED]** requirements due to some substantial obstacles or (iv) a requisition from the Shareholders representing a majority of voting rights in the Company to terminate the **[REDACTED]** (the "**Reinstatement Events**"), whichever is earlier, the special rights terminated pursuant to the Shareholders Agreements (except for the redemption right, liquidation rights, anti-dilution rights or provisions which constitute substantial legal obstacles to the Company's conversion into a joint stock company) shall reinstate, provided that if (i) any Reinstatement Event occurs due to external force majeure factors; or (ii) the Company has initiated the preparation for **[REDACTED]**, then even upon the occurrence of any Reinstatement Event, such special rights shall not be reinstated. However, in the event that (i) the Company is unable to comply with the **[REDACTED]** requirements of the Stock Exchange due to substantial obstacles, and the Company has not initiated the preparation for **[REDACTED]** within 3 months after the occurrence of the aforementioned substantial obstacles, or (ii) the Shareholders representing a majority of voting rights in the Company, request to terminate the **[REDACTED]** after the initiation of the preparation for **[REDACTED]**, then such special rights shall be reinstated.

We plan to conduct the **[REDACTED]** and **[REDACTED]** of **[REDACTED]** at an appropriate time after the **[REDACTED]**. As of the Latest Practicable Date, we had not determined the size and scope of the **[REDACTED]** and had not made any **[REDACTED]** to any recognized stock exchange in the PRC for approval for the **[REDACTED]**. There is no assurance that we will conduct an **[REDACTED]** in the future.

Compliance with Interim Guidance and Guidance Letters

On the basis that (i) the consideration for the Pre-**[REDACTED]** Investments was settled more than 28 clear days before the date of our first submission of the **[REDACTED]** to the **[REDACTED]** of the Stock Exchange in relation to the **[REDACTED]** and (ii) special rights granted to the **[REDACTED]** in respect of our Company will be suspended upon filing of a **[REDACTED]** and/or will be terminated upon **[REDACTED]**, the Joint Sponsors have confirmed that the Pre-**[REDACTED]** Investments are in compliance with the Interim Guidance on Pre-**[REDACTED]** Investments issued by the Stock Exchange in January 2012, as updated in March 2017 and the Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017.

Information about Our [REDACTED]

Our **[REDACTED]** include certain Sophisticated Investors, namely LAV, ZJ Leading VC, Lapam Capital, Shanghai Milestone Asset, LYFE Capital, Greater Bay Area Fund, Zhangjiang Si & Tech and Sunshine Life (each as defined below). Each of our Sophisticated Investors has made meaningful investment in the Company more than six months before the **[REDACTED]** for the

purpose of paragraph 3.2(g) of Guidance Letter HKEX-92-18 issued by the Stock Exchange. To the best knowledge of our Directors, save as disclosed below, each of our **[REDACTED]** is an independent third party.

1. **LAV:**

   LAV ImmuneOnco Hong Kong Limited, a private company incorporated under the laws of Hong Kong, is wholly owned by LAV Biosciences Fund V, L.P. ("**LAV V**"). LAV ImmOn Hong Kong Limited, a private company incorporated under the laws of Hong Kong, is held as to 50.00% by LAV Fund VI, L.P. ("**LAV VI**") and as to 50.00% by LAV Fund VI Opportunities, L.P. ("**LAV VI Opportunities**"). LAV V, LAV VI and LAV VI Opportunities are exempted limited partnership funds established in the Cayman Islands which are ultimately controlled by Dr. Yi Shi.

   Each of Suzhou Likang Equity Investment Centre (LP) (蘇州禮康股權投資中心(有限合夥)) and Suzhou Lirun Equity Investment Centre (LP) (蘇州禮潤股權投資中心(有限合夥)) is a limited partnership incorporated under the laws of the PRC. The general partner of Suzhou Likang is Shanghai Liyi Investment Management Partnership (Limited Partnership) (上海禮貽投資管理合夥企業(有限合夥)) and the general partner of Suzhou Lirun is Shanghai Likun Enterprise Management Partnership (Limited Partnership) (上海禮堃企業管理合夥企業(有限合夥)). Each of Shanghai Liyi Investment Management Partnership (Limited Partnership) and Shanghai Likun Enterprise Management Partnership (Limited Partnership) is a limited partnership incorporated under the laws of the PRC and a private equity fund, each of which is ultimately controlled by Dr. Chen Fei (陳飛). As of the Latest Practicable Date, Suzhou Likang had 28 limited partners with China Pacific Life Insurance Co., Ltd. (中國太平洋人壽保險股份有限公司), being its largest limited partner, holding approximately 12.00% of its partnership interest. China Pacific Life Insurance Co., Ltd. is ultimately controlled by China Pacific Insurance (Group) Co., Ltd. (中國太平洋保險(集團)股份有限公司), a company dually listed on the Stock Exchange (stock code: 2601) and the Shanghai Stock Exchange (stock code: 601601). As of the Latest Practicable Date, Suzhou Lirun had 37 limited partners with China Merchants Wealth Asset Management Co., Ltd. (招商財富資產管理有限公司), being its largest limited partner, holding approximately 12.39% of its partnership interest. China Merchants Wealth Asset Management Co., Ltd. is ultimately controlled as to 55.00% by China Merchants Bank Co., Ltd. (招商銀行股份有限公司), a company dually listed on the Stock Exchange (stock code: 3968) and the Shanghai Stock Exchange (stock code: 600036), and 45.00% by China Merchants Securities Co., Ltd. (招商證券股份有限公司), a company dually listed on the Stock Exchange (stock code: 6099) and the Shanghai Stock Exchange (stock code: 600999).

   Each of LAV V, LAV VI and LAV VI Opportunities, Suzhou Likang and Suzhou Lirun is an investment arm of Lilly Asia Ventures ("**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. As of the Latest Practicable Date, it managed committed capital of approximately US$5 billion. LAV is one of our Sophisticated Investors.

2. **ZJ Leading VC:** Shanghai Zhangjiang Leading Initiating Venture Capital (Limited Partnership) (上海張科領弋升帆創業投資中心(有限合夥)), a limited partnership incorporated under the laws of the PRC, is a private equity fund. The general partner of ZJ Leading Initiating VC is Shanghai Zhangke Lingyi Enterprise Management Center (Limited Partnership) (上海張科領醫企業管理中心(有限合夥)), a limited partnership incorporated under the laws of PRC. Jiaxing Zhangke Leading Siqi Equity Investment Partnership (Limited Partnership) (嘉興張科領弋思齊股權投資合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC, is a private equity fund. The general partner of ZJ Leading SiQi VC is Jiaxing Linghe Equity Investment

Partnership (Limited Partnership) (嘉興領和股權投資合夥企業(有限合夥)), a limited partnership established under the laws of PRC. Both of ZJ Leading Initiating VC and ZJ Leading SiQi VC are indirectly controlled by Shanghai Yongkan Investment Management Co., Ltd. (上海永堪投資管理有限公司) ("**Shanghai Yongkan**"), which is ultimately controlled by Mr. Yu Xiaoyong(于曉勇), one of our non-executive Directors. For more details of Mr. Yu Xiaoyong, please see "Directors, Supervisors and Senior Management" and "Appendix VI — Statutory and General Information — C. Further Information about Directors, Supervisors, Management and Substantial Shareholders." As of the Latest Practicable Date, ZJ Leading Initiating VC had four limited partners and Shanghai Lingqu Enterprise Management Center (Limited Partnership) (上海領趨企業管理中心(有限合夥)), which is its largest limited partner and ultimately controlled by Mr. Yu Xiaoyong, held approximately 38.92% of its partnership interest; ZJ Leading SiQi VC had eight limited partners and Mr. Cao Rong (曹榮), being its largest limited partner, held approximately 19.10% of its partnership interest.

ZJ Leading VC includes ZJ Leading Initiating VC and ZJ Leading SiQi VC, each of which is indirectly controlled by Shanghai Yongkan, which is ultimately controlled by Mr. Yu Xiaoyong. ZJ Leading VC focuses on investment in companies in biopharmaceutical, diagnostic reagent, medical device sectors which are at their early stage or growth stage of development. As of the Latest Practicable Date, ZJ Leading VC had total assets under management of approximately RMB1 billion. Apart from the investment in our Company, it has invested in other companies such as Shanghai NewMed Medical Co., Ltd. (上海紐脈醫療科技股份有限公司), Shanghai Ennova Pharmaceutical Co., Ltd (上海軼諾藥業有限公司) and Shanghai Novamab Biopharmaceuticals Co., Ltd (上海洛啟生物醫藥技術有限公司). ZJ Leading VC is one of our Sophisticated Investors.

3. **Lapam Capital:** Beijing Lapam Healthcare Investment Center (Limited) (北京龍磐健康醫療投資中心(有限合夥)), a limited partnership incorporated under the laws of the PRC, is a private equity fund. The general partner of Lapam Capital is Tibet Longpan Yijing Venture Capital Center (Limited Partnership) (西藏龍磐怡景創業投資中心(有限合夥)), which is managed by Beijing Lapam Capital Management Consultant Center (General Partnership) (北京龍磐投資管理諮詢中心(普通合夥)) ("**Lapam Capital GP**") as the general partner and is ultimately controlled by Mr. Yu Zhihua (余治華), one of our non-executive Directors. For more details of Mr. Yu Zhihua, see "Directors, Supervisors and Senior Management" and "Appendix VI — Statutory and General Information — C. Further Information about Directors, Supervisors, Management and Substantial Shareholders." As of the Latest Practicable Date, Lapam Capital had 24 limited partners and Guotou Chuanghe National Emerging Industry Venture Capital Guiding Fund (Limited Partnership) (國投創合國家新興產業創業投資引導基金(有限合夥)), which is its largest limited partner and ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), held approximately 21.16% of its partnership interest. As of the Latest Practicable Date, Lapam Capital GP had total assets under management of over RMB945 million and its investment portfolio has included companies across biopharmaceutics sectors, including RemeGen Co., Ltd (榮昌生物製藥(煙台)股份有限公司) (stock code: 9995), CANbridge Pharmaceuticals Inc. (北海康成製藥有限公司) (stock code: 1228) and Clover Biopharmaceuticals, Ltd. (三葉草生物製藥有限公司) (stock code: 2197). Lapam Capital is one of our Sophisticated Investors.

4. **Milestone Entities:** Each of Jiaxing Liyou Equity Investment Partnership (嘉興理悠股權投資合夥企業(有限合夥)) and Shanghai Licheng Yijing Equity Investment Management Center (Limited Partnership) (上海理成宜璟股權投資管理中心(有限合夥)) is a limited partnership and private equity fund incorporated under the laws of the PRC. The general partner of both Jiaxing Liyou and Licheng Investment is Shanghai LiNeng Asset Management (上海理能資產管理有限公司) ("**Shanghai Milestone Asset**"), which is wholly owned by Mr. Cheng Yiquan (程義全) ("**Mr. Cheng**"), an independent third

party. As of the Latest Practicable date, Jiaxing Liyou had 10 limited partners and Mr. Cheng, being its largest limited partner, held approximately 65.74% of its partnership interest; Licheng Investment had three limited partners and Shanghai Milestone Asset Management Co., Ltd. (上海理成資產管理有限公司), which is its largest limited partner and ultimately controlled by Mr. Cheng, held approximately 89.38% of its partnership interest. As of the Latest Practicable Date, Shanghai Milestone Asset had total assets under management of approximately RMB9 billion and its investment portfolio has included companies across technology and biopharmaceutics sectors, including Innovent Biologics, Inc. (信達生物製藥) (stock code: 1801), Berry Genomics Co., Ltd. (成都市貝瑞和康基因技術股份有限公司) (stock code: 000710), and Montage Technology Co., Ltd. (瀾起科技股份有限公司) (stock code: 688008). Shanghai Milestone Asset is one of our Sophisticated Investors.

Milestone Asset Management (Cayman) Co., Ltd. is a limited liability company incorporated under the laws of the Cayman Islands. As of the Latest Practicable Date, Milestone Asset was owned as to 99.99% by Mr. Cheng and 0.01% by Mr. Yushan Yang, who is an independent third party. As of the Latest Practicable Date, Milestone Asset had total assets under management of over US$5 million.

5. **LYFE Capital:** LYFE Capital is a global healthcare investment firm and platform dedicated to amplification of healthcare through value creation. It works with multi-stage companies with promising fast growth potentials and provide capital and acceleration, allowing them to realize their maximum potential in a dynamic environment. LYFE Capital is one of our Sophisticated Investors.

   Granite Peak Limited is an exempted company incorporated under the laws of the Cayman Islands on September 22, 2020. As of the Latest Practicable Date, Granite Peak was owned as to 38.99% by LYFE Capita Fund III (Phoenix) L.P, 30.50% by Palace Investments Pte. Ltd, 18.78% by Axiom Asia 6, L.P, and 11.73% by Axiom Asia 6-A SCSP, SICAV — RAIF. Borah Peak Limited is a limited liability company incorporated under the laws of Hong Kong. As of the Latest Practicable Date, Borah Peak was wholly owned by LYFE Capital Fund III (Phoenix), L.P.

   Each of Granite Peak and Borah Peak is an investment arm of LYFE Capital. As of the Latest Practicable Date, Granite Peak and Borah Peak had total assets under management of approximately US$15.83 million and US$5.95 million, respectively.

6. **GBA Investment:** GBA Fund Investment Limited is a wholly-controlled subsidiary of Greater Bay Area Homeland Development Fund LP (大灣區共同家園發展基金有限合夥) ("**Greater Bay Area Fund**"). The Greater Bay Area Fund is a private equity investment fund that was jointly established by multi-national industrial corporations, financial institutions, and new economic enterprises under the laws of the Cayman Islands. The Greater Bay Area Fund has the general partner being Greater Bay Area Homeland Development Fund (GP) Limited, and is under discretionary management of Greater Bay Area Development Fund Management Limited. Each of Greater Bay Area Homeland Development Fund (GP) Limited and Greater Bay Area Development Fund Management Limited is controlled by GBA Homeland Limited, which is wholly owned by Greater Bay Area Homeland Investments Limited.

   The objective of the Greater Bay Area Fund is to seize the historical opportunities of the development of the Greater Bay Area, and the construction of an international innovation and technology hub, ushered in through technological innovation, industrial upgrading, improvement in living quality, and construction of smart city. As of the

Latest Practicable Date, GBA Investment had total assets under management of approximately HK$9 billion. The Greater Bay Area Fund is one of our Sophisticated Investors.

7. **Zhangjiang Sci & Tech:** Shanghai Zhangjiang Science & Technology Venture Capital Co., Ltd. (上海張江科技創業投資有限公司) is a company incorporated under the laws of the PRC, which is wholly owned by Zhangjiang Group (上海張江(集團)有限公司), a company wholly owned by Shanghai Municipal Pudong New Area State-owned Assets Supervision and Administration Commission (上海市浦東新區國有資產管理委員會). Zhangjiang Group serves as an engine for the development of Zhangjiang Science City (張江科技城), a booster for emerging industries, and an incubator of science and innovation ecosystem. It focuses on investment in biotech and high-tech companies with operations in China or related to China and manages over RMB1.4 billion of assets in the healthcare industry, and its investment portfolio has included companies across advanced technology and biopharmaceutics sectors, including MicroPort Scientific Corporation (微創醫療科學有限公司) and Shanghai MicroPort Endovascular MedTech Co., Ltd (上海微創心脈醫療科技(集團)股份有限公司). Zhangjiang Sci & Tech is one of our Sophisticated Investors.

8. **Langsheng Investment:** Ningbo Langsheng Qianhui Investment Partnership (Limited Partnership) (寧波朗盛千匯投資合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC, is a private equity fund. The general partner of Langsheng Investment is Ningbo Zhenhai Langsheng Baihui Investment Management Co., Ltd. (寧波鎮海朗盛百匯投資管理有限公司) (formerly known as Suzhou Langsheng Investment Management Co., Ltd. (蘇州朗盛投資管理有限公司), which is ultimately controlled by Mr. Ping Fan (平凡), who is an independent third party. As of the Latest Practicable Date, Langsheng Investment had 16 limited partners and Ningbo Zhenhai Jinhui Group Co., Ltd. (寧波市鎮海金匯集團有限公司), which is its largest limited partner and ultimately controlled by Ningbo Municipal Zhenhai District State-owned Assets Administration Service Center (寧波市鎮海區國有資產管理服務中心), held approximately 20.00% of its partnership interest. As of the Latest Practicable Date, Langsheng Investment had total assets under management of approximately RMB500 million.

9. **Yaluo Investment:** Yaluo Investment Equity Investment L.P. (石河子市雅羅股權投資有限合夥企業) is a limited partnership incorporated under the laws of the PRC. The general partner of Yaluo Investment is Ms. Zheng Hongbei (鄭紅蓓). As of the Latest Practicable Date, Mr. Zheng Honghui (鄭紅暉), being the sole limited partner of Yaluo Investment, held approximately 95.00% of its partnership interest. As of the Latest Practicable Date, Yaluo Investment had total assets under management of approximately RMB25 million.

10. **Ruiji III:** Gongqing City Ruiji Fund III Investment Partnership (共青城瑞吉三期投資合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC, is a private equity fund. The general partner of Ruiji III is Shenzhen Zhenji Capital Private Equity Investment Management Co., Ltd. (深圳市貞吉資本私募股權投資管理有限公司) (formerly known as Shenzhen Ruihe Xingye Assets Management Co., Ltd.) (深圳市瑞和興業資產管理有限公司), which is ultimately controlled by Mr. Dai Shan (戴珊) and Mr. Zhao Xiaoqiang (趙小強), who are independent third parties. As of the Latest Practicable Date, Ruiji III had 25 limited partners and Ms. Pi Hailing (皮海玲), being its largest limited partner, held approximately 31.01% of its partnership interest. As of the Latest Practicable Date, Ruiji III had total assets under management of approximately RMB258 million.

11. **Sunshine Life:** Sunshine Life Insurance Corporation Limited (陽光人壽保險股份有限公司), is a joint stock company incorporated under the laws of PRC. As of the Latest Practicable Date, Sunshine Life had two shareholders, among whom, Sunshine Insurance Group (陽光保險集團股份有限公司) ("**Sunshine Insurance**"), a joint stock company incorporated under the laws of PRC, held approximately 99.99% of its equity interest, and Lhasa Huiju Enterprise Management Consulting Co., Ltd. (拉薩市慧聚企業管理咨詢有限公司), which is ultimately controlled by Mr. Song Ning (宋寧), held its remaining equity interest. As of the Latest Practicable Date, Sunshine Insurance had 33 subsidiaries and approximately 1,000 sub-branches, providing customers with insurance plans covering life, pension, medical care, health, and accident. Sunshine Insurance and its subsidiaries have invested in multiple biotech companies such as CARsgen Therapeutics Holdings Limited (科濟藥業控股有限公司) (stock code: 2171), Lepu Medical Technology (Beijing) Co., Ltd. (樂普(北京)醫療器械股份有限公司)(stock code: 300003) and Genor Biopharma Co., Ltd (嘉和生物藥業有限公司). Sunshine Life is one of our Sophisticated Investors.

12. **Minglang Capital:** Shengzhou Minglang Industrial Development Equity Investment Fund Partnership (Limited Partnership) (嵊州市銘朗產業發展股權投資基金合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC, is a private equity fund. The general partner of Minglang Capital is Jiaxing Minglang Investment Management Partnership (Limited Partnership) (嘉興銘朗投資管理合夥企業(有限合夥)), which is ultimately controlled by Mr. Zhang Xiaoda (張小達) and Mr. Su Deke (蘇德科), who are independent third parties. As of the Latest Practicable Date, Minglang Capital had seven limited partners and Mr. Zhang Xiaoda and Mr. Su Deke, being its largest limited partners, held approximately 29.15% of its partnership interest, respectively. As of the Latest Practicable Date, Minglang Capital had total assets under management of approximately RMB1 billion.

13. **Jiaxing Qiyue**: Jiaxing Qiyue Equity Investment Partnership (Limited Partnership) (嘉興齊越股權投資合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC, is a private equity fund. The general partner of Jiaxing Qiyue is Shanghai Qiyin Equity Investment Fund Management Co., Ltd. (上海齊銀股權投資基金管理有限公司), which is ultimately controlled as to approximately 34.22%, 32.89% and 32.89% by Mr. Sun Xinghua (孫興華), Mr. Wang Lu (王路) and Mr. Cheng Yiquan (程義全) respectively, each of whom is an independent third party. As of the Latest Practicable Date, Jiaxing Qiyue had two limited partners and Qilu Pharma Co., Ltd. (齊魯製藥有限公司), which is its largest limited partner and ultimately controlled by Ms. Li Yan (李燕), held approximately 93.46% of its partnership interest. As of the Latest Practicable Date, Jiaxing Qiyue had total assets under management of approximately RMB32 million.

14. **Sci-Tech Fund I**: Shanghai Sci-Tech Innovation Center Capital Fund I (Limited Partnership) (上海科創中心壹號股權投資基金合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC, is a private equity fund. The general partner of Sci-Tech Fund I is Shanghai Pujun Enterprise Management Consulting Partnership (Limited Partnership) (上海浦鈞企業管理諮詢合夥企業(有限合夥)), which is ultimately controlled as to 37.44% by Mr. Yang Bin (楊斌), an independent third party. As of the Latest Practicable Date, Shanghai Sci-Tech Innovation Center Capital Fund One (Limited Partnership) (上海科創中心一期股權投資基金合夥企業(有限合夥)) ("**Sci-Tech Fund One**"), which is the sole limited partner of Sci-Tech Fund I, held approximately 99.01% of its partnership interest. Sci-Tech Fund One is managed by its executive partner Shanghai Sci-Tech Innovation Center Capital Co., Ltd. (上海科創中心股權投資基金管理有限公司) ("**Shanghai Innovation Center**"). The largest shareholder of Shanghai Innovation Center is Shanghai International Group Co., Ltd (上海國際集團有限公司), which is wholly owned and controlled by Shanghai Municipal State-owned Assets Supervision and Administration Commission (上海市國有資產監督管理委員會). As of the Latest Practicable Date, Sci-Tech Fund I had total assets under management of approximately RMB858 million.

15. **Nanjing Xingjian Ruiying:** Nanjing Xingjian Ruiying Equity Investment Partnership (Limited Partnership) (南京星健睿贏股權投資合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC, is a private equity fund. The general partner of Nanjing Xingjian Ruiying is Nanjing Fuxin Equity Investment Management Partnership (Limited Partnership) (南京複鑫股權投資管理合夥企業(有限合夥)), which is ultimately controlled by Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥(集團)股份有限公司), a PRC incorporated company dually listed on the Stock Exchange (stock code: 2196) and the Shanghai Stock Exchange (stock code: 600196). As of the Latest Practicable Date, Nanjing Xingjian Ruiying had five limited partners and Ningbo Fuying Investment Co., Ltd (寧波復瀛投資有限公司), which is its largest limited partner and wholly owned by Shanghai Fosun Pharmaceutical (Group) Co., Ltd., held approximately 31.68% of its partnership interest. As of the Latest Practicable Date, Nanjing Xingjian Ruiying had total assets under management of approximately RMB363 million.

16. **Cash Capital:** Suzhou Guofeng Dingjia Venture Capital Partnership (Limited Partnership) (蘇州國豐鼎嘉創業投資合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC, is a private equity fund. The executive partner of Cash Capital is Tibet Guokejiahe Investment Management Partnership (Limited Partnership) (西藏國科嘉和投資管理合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC and the executive partner of which is Lhasa Guokejiahe Investment Management Co., Ltd. (拉薩國科嘉和投資管理有限公司). Lhasa Guokejiahe Investment Management Co., Ltd. is ultimately controlled by. Mr. Wang Ge (王戈), Mr. Chen Hongwu (陳洪武) and Chinese Academy of Sciences Holdings Co., Ltd. (中國科學院控股有限公司), a wholly-owned company of Chinese Academy of Sciences (中國科學院). The general partner of Cash Capital is Guoke Shenghua Investment Management Co., Ltd (國科盛華投資管理有限公司), which is ultimately controlled by Mr. Wang Ge (王戈). As of the Latest Practicable Date, Cash Capital had 16 limited partners and Ningbo Meishan Free Trade Port Tengyunyuansheng Investment Partnership (Limited Partnership) (寧波梅山保税港區騰雲源晟股權投資合夥企業(有限合夥)), which is its largest limited partner and ultimately controlled by Mr. Huang Tao (黃濤) and Mr. Huang Shiying (黃世熒), held approximately 26.28% of its partnership interest. As of the Latest Practicable Date, Cash Capital had total assets under management of approximately RMB1.3 billion.

17. **Jianxin Chenyue:** Jiaxing Chenyue Equity Investment Partnership (Limited Partnership) (嘉興宸玥股權投資合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC, is a private equity fund. The general partner of Jianxin Chenyue is Jianxin (Beijing) Investment Fund Management Co., Ltd. (建信(北京)投資基金管理有限責任公司), a limited liability company established under the laws of the PRC which is controlled by CCB Trust Co. Ltd. (建信信託有限責任公司), a company duly incorporated and licensed under the laws of the PRC and having its registered office at No. 45 Jiushiqiao Street, Hefei, Anhui, PRC. CCB Trust Co. Ltd. is ultimately controlled by China Construction Bank Corporation (中國建設銀行股份有限公司), a PRC incorporated company dually listed on the Stock Exchange (stock code: 0939) and the Shanghai Stock Exchange (stock code: 601939). As of the Latest Practicable Date, Beijing Juxinde Investment Management Center (Limited Partnership) (北京聚信德投資管理中心(有限合夥)) (formerly known as Beijing Jianxin Jude Investment Management Center (Limited Partnership) (北京建信聚德投資管理中心(有限合夥)), which is the sole limited partner of Jianxin Chenyue and controlled by CCB Trust Co. Ltd., held approximately 99.67% of its partnership interest. As of the Latest Practicable Date, CCB Trust Co. Ltd. had total assets under management of approximately RMB1.46 trillion.

18. **Puen Guoxin:** Shijiazhuang Hi-Tech Zone Puen Guoxin Equity Investment Center (Limited Partnership) (石家莊高新區普恩國新股權投資中心(有限合夥)), a limited partnership incorporated under the laws of the PRC, is a private equity fund. The general partners of Puen Guoxin are (i) Guoxin Sichuang Investment Fund Management (Beijing) Co., Ltd. (國新思創投資基金管理(北京)有限公司), which is ultimately

controlled by Mr. Wang Hongjie (王宏傑), who is an independent third party; and (ii) Shanghai Shifengxinhui Venture Capital Management Co. Ltd. (上海石豐昕匯創業投資管理有限公司). As of the Latest Practicable Date, Puen Guoxin had four limited partners and Shijiazhuang Hi-Tech Zone Technology Development Investment Co., Ltd. (石家莊高新區科發投資有限公司), which is its largest limited partner and ultimately controlled by Shijiazhuang High-Tech Industrial Development Zone Finance Bureau (石家莊高新技術產業開發區財政局), held approximately 30.00% of its partnership interest. As of the Latest Practicable Date, Puen Guoxin had total assets under management of approximately RMB200 million.

19. **Chongde VC:** Beijing Chongde Yingsheng Venture Capital Co., Ltd. (北京崇德英盛創業投資有限公司) is a company incorporated under the laws of the PRC. As of the Latest Practicable Date, Chongde VC had 11 shareholders and Beijing Shuanglu Pharma Inc. (北京雙鷺藥業股份有限公司), a company incorporated in the PRC and listed on the Shenzhen Stock Exchange (stock code: 002038), being its largest shareholder, held approximately 37.96% of its equity interest. As of the Latest Practicable Date, Chongde VC had total assets under management of approximately RMB204 million.

20. **Yuanchuangke Investment:** Beijing Yuanchuangke Equity Investment Fund Management Center (Limited Partnership) (北京原創客股權投資基金管理中心(有限合夥)), a limited partnership incorporated under the laws of the PRC, is a private equity fund. The general partner of Yuanchuangke Investment is Zhongwen Huineng (Beijing) Venture Capital Management Co., Ltd. (中文匯能(北京)創業投資管理有限責任公司), which is controlled by Beijing Chongde Yingsheng Investment Management Co., Ltd. (北京崇德英盛投資管理有限公司), which in turn is ultimately controlled by Beijing Shuanglu Pharmaceutical Co. Ltd. (北京雙鷺藥業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002038). As of the Latest Practicable Date, Yuanchuangke Investment had five limited partners and China Cultural Industry Development Group Co., Ltd. (中國文化產業發展集團有限公司), which is its largest limited partner and ultimately controlled by the State Council (國務院), held approximately 32.86% of its partnership interest. As of the Latest Practicable Date, Yuanchuangke Investment had total assets under management of approximately RMB70 million.

21. **Beijing Yuanpei:** Beijing Yuanpei Technology Innovation Investment Center (Limited Partnership) (北京元培科技創新投資中心(有限合夥)), a limited partnership incorporated under the laws of PRC, is a private equity fund. The general partner of Beijing Yuanpei is Founder H Fund Co., Ltd. (方正和生投資有限責任公司), a limited liability company established under the laws of PRC, which is ultimately controlled by Founder Securities Co., Ltd. (方正證券股份有限公司), a joint stock company listed on the Shanghai Stock Exchange (stock code: 601901). As of the Latest Practicable date, Beijing Yuanpei had eight limited partners and Beijing Science and Technology Innovation Fund (Limited Partnership) (北京市科技創新基金(有限合夥)) ("**Beijing Sci-Tech**"), being its largest limited partner, held approximately 39.92% of its partnership interest. Beijing Sci-Tech is a private equity investment fund that was established by Beijing Municipal Government. The general partner of Beijing Sci-Tech is Beijing Science and Technology Innovation Investment Management Co. Ltd. (北京科技創新投資管理有限公司), which is ultimately controlled by China International Capital Corporation Limited (中國國際金融股份有限公司), a PRC incorporated company dually listed on the Stock Exchange (stock code: 03908) and the Shanghai Stock Exchange (stock code: 601995). As of the Latest Practicable Date, Beijing Sci-Tech had seven limited partners. As of the Latest Practicable Date, Beijing Yuanpei had total assets under management of approximately RMB1 billion.

22. **Wuming Investment:** Zibo Juancheng No. 2 Equity Investment Fund Partnership (Limited Partnership) (淄博雋誠貳號股權投資基金合夥企業(有限合夥)), a limited partnership incorporated under the laws of PRC, is a private equity fund. The general partner of Wuming Investment is Shenzhen Wuming Investment Management Co., Ltd. (深圳物明投資管理有限公司) a limited liability company established under the laws of PRC which is ultimately controlled by Mr. Zhang Yingjie (張英傑), an independent third party. As of the Latest Practicable Date, Wuming Investment had nine limited partners and Ningbo Meishan Free Trade Port Daokangsihe Investment Partnership (Limited Partnership) (寧波梅山保稅港區道康思和投資合夥企業(有限合夥)), which is its largest limited partner and ultimately controlled by Mr. Hu Yongjie (胡勇杰), held approximately 29.76% of its partnership interest. As of the Latest Practicable Date, Wuming Investment had total assets under management of approximately RMB34 million.

23. **Rongchang Chuangtou:** Huanghe Delta Rongchang (Yantai) Entrepreneurship Investment Partnership (Limited Partnership) (黃河三角洲榮昌(煙台)創業投資合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC, is a private equity fund. The general partners of Rongchang Chuangtou are (i) Rongchang Equity Investment Management (Yantai) Co., Ltd. (榮昌股權投資管理(煙臺)有限公司), which is ultimately controlled by Dr. Fang Jianmin (房健民), Mr. Wang Weidong (王威東), Mr. Lin Jian (林健), Mr. Xiong Xiaobin (熊曉濱), Dr. Wang Liqiang (王荔強), Mr. Wang Xudong (王旭東), Mr. Deng Yong (鄧勇), Ms. Yang Minhua (楊敏華), Mr. Wen Qingkai (溫慶凱) and Mr. Wei Jianliang (魏建良), Yantai Rongda Venture Capital Center (Limited Partnership) (煙台榮達創業投資中心(有限合夥)), RongChang Holding Group Ltd., and I-NOVA Limited as concert parties (together, the "**Concert Parties**") pursuant to a concert party agreement dated April 16, 2020; and (ii) Yellow River Delta Industry Investment Fund Management Co., Ltd. (黃河三角洲產業投資基金管理有限公司), a limited liability company established under the laws of PRC which is owned as to (a) 35.00% by Ningxia Yellow River Delta Investment Management Co., Ltd. (寧夏黃三角投資管理有限公司), a limited liability company established under the laws of PRC which is ultimately controlled by Ms. Cui Liyuan (崔礫元), an independent third party; (b) 35.00% by Luxin Venture Capital Group Co., Ltd. (魯信創業投資集團股份有限公司), a joint stock company listed on the Shanghai Stock Exchange (stock code: 600783); and (c) 30.00% by Shandong Saibole Investment Management Co., Ltd. (山東賽伯樂投資管理有限公司), a limited liability company established under the laws of PRC which is ultimately controlled by Mr. Fang Gang (方剛), an independent third party. As of the Latest Practicable Date, Rongchang Chuangtou had five limited partners and Rongchang Pharmaceutical (Zibo) Co., Ltd. (榮昌製藥(淄博)有限公司), which is its largest limited partner and ultimately controlled by the Concert Parties, held approximately 30.50% of its partnership interest. As of the Latest Practicable Date, Rongchang Chuangtou had total assets under management of approximately RMB200 million.

24. **Chuangdongfang Investment:** Gongqing City Chuangdongfang Huaying Equity Investment Partnership (Limited Partnership) (共青城創東方華盈股權投資合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC, is a private equity fund. The general partner of Chuangdongfang Investment is Shenzhen CDF Capital Ltd. (深圳市創東方投資有限公司), a limited liability company established under the laws of PRC which is ultimately controlled by Mr. Xiao Shuilong (肖水龍), who is an independent third party. As of the Latest Practicable Date, Chuangdongfang Investment had nine limited partners and Mr. Ruan Qingguo (阮慶國), being its largest limited partner, held approximately 24.99% of its partnership interest. As of the Latest Practicable Date, Shenzhen CDF Capital Ltd. had total assets under management of approximately RMB25 billion.

25. **Kuanyu Capital:** Jiaxing Kuanyu Zeyou Equity Investment Partnership (Limited Partnership) (嘉興寬愉澤優股權投資合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC, is a private equity fund. The general partner of Kuanyu Capital is Kuanyu Private Equity Fund Management (Hainan) Co., Ltd. (寬愉私募基金管理(海南)有限公司), a limited liability company established under the laws of PRC which is ultimately controlled by Ms. Wang Ran (王然), an independent third party. As of the Latest Practicable Date, Kuanyu Capital had 12 limited partners and Rudong Taipu Equity Investment Center (Limited Partnership) (如東泰璞股權投資中心(有限合夥)), which is ultimately controlled by Mr. Li Jinhua (李金華), was its largest limited partner, holding approximately 23.53% of its partnership interest. As of the Latest Practicable Date, Kuanyu Capital had total assets under management of approximately RMB85 million.

26. **Bloomage Langya:** Wuhu Bloomage Langya Healthcare Industry Investment Partnership (Limited Partnership) (蕪湖華熙朗亞健康產業投資合夥企業(有限合夥)), a limited partnership incorporated under the laws of PRC, is a private equity fund. The general partner of Bloomage Langya is Beijing Alan Asset Management Co., Ltd. (北京朗姿韓亞資產管理有限公司), a limited liability company incorporated under the laws of PRC, which is ultimately controlled by Mr. Shen Dongri (申東日), an independent third party. As of the Latest Practicable Date, Bloomage Langya had three limited partners, and Beihai Guanghe Investment Co., Ltd. (北海光和投資有限公司), being its largest limited partner, held approximately 56.63% of its partnership interest. As of the Latest Practicable Date, Bloomage Langya had total assets under management of approximately RMB320 million.

[REDACTED]

Our Company has applied for H-share **[REDACTED]** to convert certain of the Unlisted Shares into H Shares as per the instructions of the relevant Shareholders. The conversion of Unlisted Shares into H Shares will involve an aggregate of **[REDACTED]** Unlisted Shares held by 34 out of 37 existing Shareholders, representing approximately **[REDACTED]**% of total issued Share capital of the Company upon completion of the conversion of Unlisted Shares into H Shares and the **[REDACTED]** (assuming the **[REDACTED]** is not exercised).

Save as disclosed in this document and to the best knowledge of our Directors, we are not aware of the intention of any existing Shareholders to convert their Unlisted Shares. For further details, see "Share Capital".

The table below is a summary of the **[REDACTED]** of our Company upon completion of **[REDACTED]** the Unlisted Shares into H Shares and the **[REDACTED]** (assuming the **[REDACTED]** is not exercised):

			Immediately after [REDACTED] (assuming [REDACTED] is not exercised) and the conversion of Unlisted Shares into H Shares			
	Shareholder	Number of Shares	H Shares	Approximate percentage of H Shares in the total issued Share capital	Unlisted Shares	Approximate percentage of Unlisted Shares in the total issued Share capital
1.	Dr. Tian	70,182,990	35,091,495	**[REDACTED]**%	35,091,495	**[REDACTED]**%
	LAV					
2.	— LAV ImmuneOnco	15,178,770	15,178,770	**[REDACTED]**%	—	—
3.	— Suzhou Likang	14,428,170	7,214,085	**[REDACTED]**%	7,214,085	**[REDACTED]**%
4.	— LAV ImmOn	12,542,805	12,542,805	**[REDACTED]**%	—	—
5.	— Suzhou Lirun	1,507,680	753,840	**[REDACTED]**%	753,840	**[REDACTED]**%

			Immediately after [REDACTED] (assuming [REDACTED] is not exercised) and the conversion of Unlisted Shares into H Shares			
	Shareholder	Number of Shares	H Shares	Approximate percentage of H Shares in the total issued Share capital	Unlisted Shares	Approximate percentage of Unlisted Shares in the total issued Share capital
	ZJ Leading VC					
6.	— ZJ Leading Initiating VC	36,780,390	—	—	36,780,390	**[REDACTED]**%
7.	— ZJ Leading SiQi VC	5,554,305	5,554,305	**[REDACTED]**%	—	—
8.	Lapam Capital	19,263,240	—	—	19,263,240	**[REDACTED]**%
9.	Halo Investment II	18,000,000	18,000,000	**[REDACTED]**%	—	—
	Milestone Entities					
10.	— Licheng Investment	9,631,620	9,631,620	**[REDACTED]**%	—	—
11.	— Jiaxing Liyou	4,743,630	4,743,630	**[REDACTED]**%	—	—
12.	— Milestone Asset	2,185,020	2,185,020	**[REDACTED]**%	—	—
	LYFE Capital					
13.	— Granite Peak	9,084,330	6,813,248	**[REDACTED]**%	2,271,082	**[REDACTED]**%
14.	— Borah Peak	6,927,345	5,195,509	**[REDACTED]**%	1,731,836	**[REDACTED]**%
15.	Jiaxing Changxian	15,517,260	7,758,630	**[REDACTED]**%	7,758,630	**[REDACTED]**%
16.	Jiaxing Changyu	14,839,695	7,419,848	**[REDACTED]**%	7,419,847	**[REDACTED]**%
17.	GBA Investment	13,854,690	13,854,690	**[REDACTED]**%	—	—
18.	Zhangjiang Sci & Tech	10,862,055	—	—	10,862,055	**[REDACTED]**%
19.	Langsheng Investment	9,631,620	9,631,620	**[REDACTED]**%	—	—
20.	Yaluo Investment	7,823,835	5,476,685	**[REDACTED]**%	2,347,150	**[REDACTED]**%
21.	Ruiji III	6,927,345	3,463,673	**[REDACTED]**%	3,463,672	**[REDACTED]**%
22.	Sunshine Life	6,701,310	3,350,655	**[REDACTED]**%	3,350,655	**[REDACTED]**%
23.	Minglang Capital	5,266,665	2,633,333	**[REDACTED]**%	2,633,332	**[REDACTED]**%
24.	Jiaxing Qiyue	5,195,520	5,195,520	**[REDACTED]**%	—	—
25.	Sci-Tech Fund I	4,267,260	3,200,445	**[REDACTED]**%	1,066,815	**[REDACTED]**%
26.	Nanjing Xingjian Ruiying	3,394,890	1,697,445	**[REDACTED]**%	1,697,445	**[REDACTED]**%
27.	Cash Capital	3,394,890	3,394,890	**[REDACTED]**%	—	—
28.	Jianxin Chenyue	3,350,655	3,350,655	**[REDACTED]**%	—	—
29.	Puen Guoxin	2,474,055	2,474,055	**[REDACTED]**%	—	—
30.	Chongde VC	2,407,905	2,407,905	**[REDACTED]**%	—	—
31.	Yuanchuangke Investment	2,407,905	2,407,905	**[REDACTED]**%	—	—
32.	Beijing Yuanpei	2,185,020	2,185,020	**[REDACTED]**%	—	—
33.	Wuming Investment	2,092,455	2,092,455	**[REDACTED]**%	—	—
34.	Rongchang Chuangtou	2,046,240	2,046,240	**[REDACTED]**%	—	—
35.	Chuangdongfang Investment	2,046,195	818,478	**[REDACTED]**%	1,227,717	**[REDACTED]**%
36.	Kuanyu Capital	2,046,195	2,046,195	**[REDACTED]**%	—	—
37.	Bloomage Langya	1,348,740	674,370	**[REDACTED]**%	674,370	**[REDACTED]**%
	Sub total	**356,092,695**	**210,485,039**	**[REDACTED]%**	**145,607,656**	**[REDACTED]%**
	Shareholders participating in the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**%	—	—
	Total	**[REDACTED]**	**[REDACTED]**	**[REDACTED]%**	**145,607,656**	**[REDACTED]%**

PUBLIC FLOAT

Upon the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised) and the conversion of Unlisted Shares into H Shares, the H Shares held by certain of our Shareholders who are, or directly or indirectly controlled by our core connected persons, will not be counted towards the public float. Details of these Shareholders are set out below:

- Dr. Tian is our Single Largest Shareholder and the 35,091,495 H Shares held by him will not count towards the public float. Further, our Employee Shareholding Platforms, namely, Jiaxing Changxian, Jiaxing Changyu and Halo Investment II are ultimately controlled by Dr. Tian and therefore they are close associates of Dr. Tian, and the 33,178,478 H Shares held by the Employee Shareholding Platforms in aggregate will not count towards the public float.

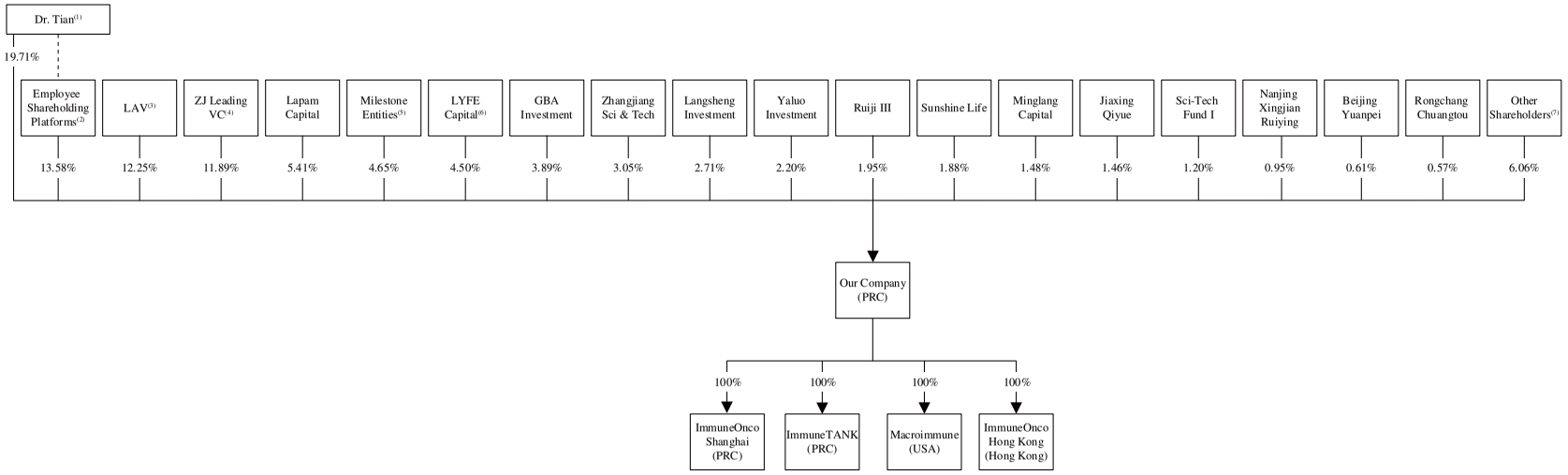
- ZJ Leading SiQi VC is ultimately controlled by Mr. Yu Xiaoyong, one of our non-executive Directors and therefore it is a close associate of Mr. Yu Xiaoyong and the 5,554,305 H Shares held by ZJ Leading SiQi VC will not count towards the public float.

The 145,607,656 Unlisted Shares held by our Shareholders as of the Latest Practicable Date, representing approximately **[REDACTED]**% of our total issued Shares upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), will not be considered as part of the public float as the Shares are Unlisted Shares which will not be **[REDACTED]** H Shares and **[REDACTED]** on the Stock Exchange following the completion of the **[REDACTED]**.

To the best knowledge of our Directors, save as disclosed above, immediately upon the completion of the **[REDACTED]** and conversion of Unlisted Shares into H Shares (assuming the **[REDACTED]** is not exercised), (i) **[REDACTED]** H Shares held or controlled by our Shareholders who are not our core connected persons, representing approximately **[REDACTED]**% of our total issued Shares will be counted towards the public float, which is in compliance with the requirement under Rule 8.08 of the Listing Rules; and (ii) based on an **[REDACTED]** of HK$**[REDACTED]** per Share (being the low-end of the indicative **[REDACTED]** range), the Company will have a **[REDACTED]** of at least HK$375 million held by the public as required under Rule 18A.07 of the Listing Rules.

SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY BEFORE THE COMPLETION OF THE [REDACTED]

The following chart sets forth our Group's simplified shareholding and corporate structure immediately prior to the completion of the **[REDACTED]**:



Notes:

(1) As of the Latest Practicable Date, Dr. Tian, was able to exercise approximately 33.29% of the voting rights in our Company through: (i) 70,182,990 Shares directly held by him and (ii) 48,356,955 Shares held by our Employee Shareholding Platforms, namely Jiaxing Changxian, Jiaxing Changyu and Halo Investment II. Both Jiaxing Changxian and Jiaxing Changyu are our Onshore Employee Shareholding Platforms of which their respective executive partner is controlled by Dr. Tian. Halo Investment II is our Offshore Employee Shareholding Platform with Dr. Tian controlling the exercise of its entire voting rights in the Company. For further details on the Employee Shareholding Platforms, see "— Employee Shareholding Platforms" above.

(2) Represents the three Employee Shareholding platforms of our Group, namely Jiaxing Changxian and Jiaxing Changyu and Halo Investment II. See "— Employee Shareholding Platforms" above.

(3) LAV includes LAV ImmuneOnco, LAV ImmOn, Suzhou Likang and Suzhou Lirun, each holding 4.26%, 3.52%, 4.05% and 0.42% of the total issued Shares of our Company, respectively, as of the Latest Practicable Date. See "— Pre-**[REDACTED]** Investments — Information about Our **[REDACTED]**" above for details of their background.

(4) ZJ Leading VC includes ZJ Leading Initiating VC and ZJ Leading SiQi VC, each holding 10.33% and 1.56% of the total issued Shares of our Company, respectively, as of the Latest Practicable Date. See "— Pre-**[REDACTED]** Investments — Information about Our **[REDACTED]**" above for details of their background.

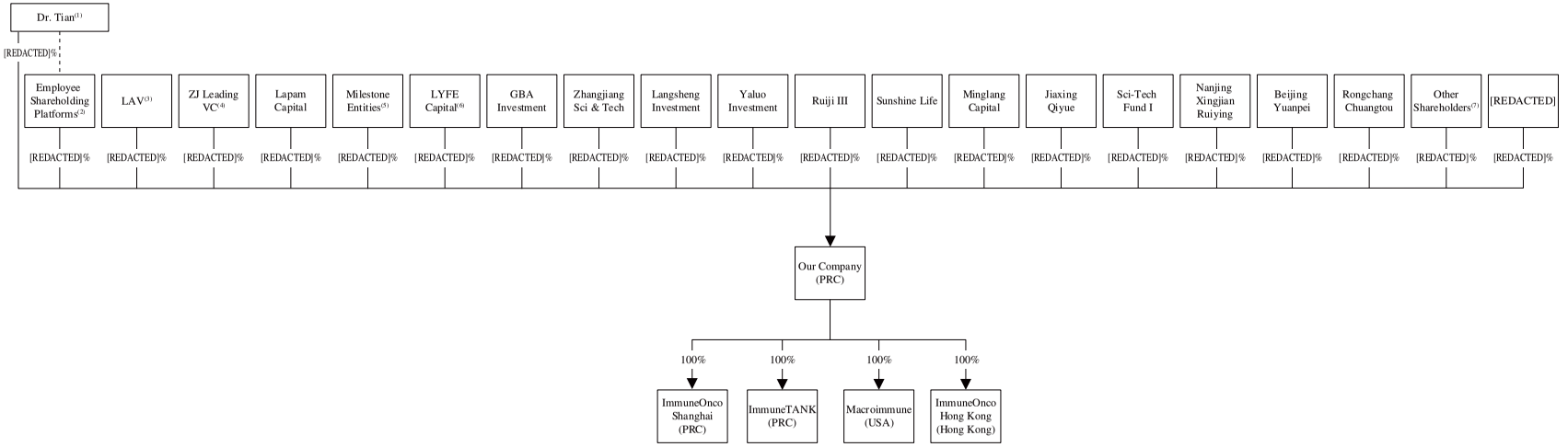
(5) Milestone Entities include Licheng Investment, Jiaxing Liyou and Milestone Asset, each holding 2.71%, 1.33% and 0.61% of the total issued Shares of our Company, respectively, as of the Latest Practicable Date. See "— Pre-**[REDACTED]** Investments — Information about Our **[REDACTED]**" above for details of their background.

(6) LYFE Capital includes Granite Peak and Borah Peak, each holding 2.55% and 1.95% of the total issued Shares of our Company, respectively, as of the Latest Practicable Date. See "— Pre-**[REDACTED]** Investments — Information about Our **[REDACTED]**" above for details of their background.

(7) Other Shareholders include Cash Capital, Jianxin Chenyue, Puen Guoxin, Chongde VC, Yuanchuangke Investment, Wuming Investment, Chuangdongfang Investment, Kuanyu Capital and Bloomage Langya. For further details of their backgrounds and respective shareholding percentages in our Company, see "— Pre-**[REDACTED]** Investments — Information about Our **[REDACTED]**" and "— Establishment and Major Shareholding Changes of our Company" above.

SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY FOLLOWING THE COMPLETION OF THE [REDACTED]

The following chart sets forth our Group's shareholding and corporate structure immediately after the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised).



Notes:

(1) See notes 1 to 2 to the chart in the sub-section headed "Shareholding and Corporate Structure Immediately Before the Completion of the **[REDACTED]**" in this section above.

(2) LAV includes LAV ImmuneOnco, Suzhou Likang, LAV ImmOn and Suzhou Lirun, each holding **[REDACTED]**%, **[REDACTED]**%, **[REDACTED]**% and **[REDACTED]**% of the total issued Shares of our Company, respectively, immediately after the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised). See "— Pre-**[REDACTED]** Investments — Information Relating to Our **[REDACTED]**" above for details of their background.

(3) ZJ Leading VC includes ZJ Leading Initiating VC and ZJ Leading SiQi VC, each holding **[REDACTED]**% and **[REDACTED]**% of the total issued Shares of our Company, respectively, immediately after the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised). See "— Pre-**[REDACTED]** Investments — Information Relating to Our **[REDACTED]**" above for details of their background.

(4) Milestone Entities include Jiaxing Liyou, Licheng Investment and Milestone Asset, each holding **[REDACTED]**%, **[REDACTED]**% and **[REDACTED]**% of the total issued Shares of our Company, respectively, immediately after the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised). See "— Pre-**[REDACTED]** Investments — Information Relating to Our **[REDACTED]**" above for details of their background.

(5) LYFE Capital includes Granite Peak and Borah Peak, each holding **[REDACTED]**% and **[REDACTED]**% of the total issued Shares of our Company, respectively, immediately after the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised). See "— Pre-**[REDACTED]** Investments — Information Relating to Our **[REDACTED]**" above for details of their background.

(6) Other Shareholders include Cash Capital, Jianxin Chenyue, Puen Guoxin, Chongde VC, Yuanchuangke Investment, Wuming Investment, Chuangdongfang Investment, Kuanyu Capital and Bloomage Langya. For further details of their backgrounds and respective shareholding percentages in our Company, see "— Pre-**[REDACTED]** Investments — Information Relating to Our **[REDACTED]**" and "— **[REDACTED]**" above.

OVERVIEW

We are a science-driven biotechnology company dedicated to the development of next-generation immuno-oncology therapies. We are one of the few biotechnology companies globally adopting a systematic approach to harness both the innate and adaptive immune systems. Currently approved immunotherapies primarily focus on the adaptive immune system and are often confronted with limited clinical benefits due to low response rates and inevitable drug resistance and/or relapse in many cancer indications. Harnessing both the innate and adaptive immune systems allows us to overcome the limitations of current T-cell-based immunotherapies and address significant unmet medical needs of cancer patients.

We have developed a robust pipeline of over ten innovative drug candidates with eight ongoing clinical programs, anchored by a deep and broad innate-immunity-based asset portfolio. Our pipeline reflects our deep insight into the frontiers of cancer biology and immunology, and our expertise in turning scientific research into promising drug candidates. We continue to advance the drug development targeting innate immune checkpoints in cancer and we believe that the introduction of these novel therapies into the field of cancer immunotherapy will lead to robust and durable treatment responses. Our founder, Dr. Wenzhi Tian, began to explore the therapeutic potential of CD47 blockade in 2010, long before this innate immune checkpoint became widely recognized and clinically validated in the biopharmaceutical industry. Based on our comprehensive understanding of the biology underlying CD47-SIRPα interaction and its potential synergy with other tumor targets and/or immune checkpoints, we have built a differentiated CD47-based portfolio with favorable safety and promising efficacy profiles since our inception in 2015. In addition to CD47, we have selected and validated another promising innate immune checkpoint, CD24, in recent years. Around CD24, we are developing one IND-enabling-stage and several discovery- and preclinical-stage drug candidates, each with the potential to become the first of its class to enter into clinical stage around the world. Moreover, we are also developing drug candidates that target other promising innate and adaptive immune checkpoints, including IL-8, NKG2A and PSGL-1, to maximize the clinical and commercial value of our platform.

Our continuous innovation is driven by an experienced and stable R&D team led by Dr. Tian. Core members of our R&D team have been working with Dr. Tian for over 10 years and possess multi-disciplinary expertise in drug discovery, design and development. Emulating the "Quality-by-Design (QbD)" concept that is intended to improve drug product quality by using analytical and risk-management methodologies, we created the "Drug-by-Design (DbD)" concept that emphasizes the fundamental role of molecule design rationale in the process of large molecule drug development. This concept requires that the structure of every drug molecule be deliberately designed with a sound scientific rationale predicated on target-specific biological functions and validated in preclinical studies. Under the guidance of our "DbD" concept and the leadership of Dr. Tian, we have built a fully-integrated R&D platform. It features our proprietary technologies and know-how (including our mAb-Trap bispecific antibody platform technology) and encompasses all key functionalities throughout the innovative drug development process.

Strictly adhering to the "DbD" concept and leveraging our R&D platform, we have designed and developed a rich pipeline that aims to unlock not only the full power of the largely untapped innate immune system, but also the synergistic potential of harnessing the innate and adaptive immune systems at the same time. The following chart summarizes the development status of our selected drug candidates as of the Latest Practicable Date:

	Program	Target (Modality)	Indication(s)	Discovery	Preclinical	IND/IND-Enabling	Phase Ia/I	Phase Ib/II	Phase III/Pivotal	Current Status / Upcoming Milestone[1]	Commercial Rights
Innate Immunity	**IMM01**	CD47 (SIRPα-Fc fusion protein)									
	IMM01 + Azacitidine		MDS, AML, CMML[2]			China (NMPA)				Phase Ib/II commenced in January 2022; expect to initiate pivotal trial in Q4 2023	Global
	IMM01 + Tislelizumab	CD47+PD-1	cHL, Solid tumor			China (NMPA)				Phase Ib/II commenced in May 2022; expect to initiate pivotal trial in Q3 2024[3]	Global
	IMM01 + Inetetamab	CD47+HER2	HER2-positive solid tumors			China (NMPA)[4]				Phase Ib/II IND approved	Global
	IMM01 + Bortezomib + Dexamethasonum	CD47	MM			China (NMPA)				Phase Ib/IIa IND approved	Global
	IMM0306 Monotherapy	CD47xCD20 (Bispecific)	Indolent B-NHL			China (NMPA), US (FDA)				Phase IIa commenced in March 2023 in China; IND approved in the U.S.	Global
	IMM0306 + Lenalidomide	CD47xCD20 (Bispecific)	B-NHL			China (NMPA)				Phase Ib/IIa IND approved	Global
	IMM2902	CD47xHER2 (Bispecific)	HER2-positive and low-expressing solid tumors			China (NMPA), US (FDA)				Phase I commenced in February 2022 in China and in June 2022 in the U.S.; expect to largely complete Phase Ia trials in China and the U.S. in 2023	Global
	IMM2520	CD47xPD-L1 (Bispecific)	Solid tumors			China (NMPA), US (FDA)				IND approved in China and the U.S. in Q4 2022; Phase I commenced in China in March 2023	Global
	IMM47	CD24 (mAb)	Solid tumors			China (NMPA), US (FDA)				IND-enabling; expect to enter into clinical trials in mid-2023	Global
	IMM4701	CD47xCD24 (Bispecific)	Solid tumors							CMC	Global
	IMM2547[5]	CD24xPD-L1 (Bispecific)	Solid tumors							Discovery	Global
	IMM51[5]	IL-8 (mAb)	Solid tumors							Preclinical	Global
	IMM38[5]	Undisclosed	Solid tumors							Preclinical	Global
	IMM50[5]	Undisclosed	Solid tumors							Discovery	Global
	IMM62[5]	Undisclosed	Solid tumors							Discovery	Global
Adaptive Immunity	**IMM2510**	VEGFxPD-L1 (Bispecific)	Solid tumors			China (NMPA)				Phase I commenced in August 2021 and 8th cohort ongoing in China; expect to complete Phase I in mid-2023	Global
	IMM27M	CTLA-4 ADCC+ (mAb)	Solid tumors			China (NMPA)				Phase I commenced in June 2022 in China; expect to complete in mid-2023; IND approved in China for Phase Ib/II trial for its combination with a PD-1 antibody[6]	Global
	IMM40H	CD70 (mAb)	Liquid/Solid tumors			China (NMPA), US (FDA)				IND approved in China and the U.S. in August 2022	Global

★ Core Product ▲ Key Product

Innate Immunity Targets | Innate and Adaptive Immunity Targets | Adaptive Immunity Targets

Notes:

(1) Expected completion date for Phase Ia/I trial refers to the time when RP2D can be determined, and expected completion date for Phase Ib/II trial refers to the time when top-line data is available for regulatory discussions. Follow-up period required would not delay the initiation of the next phase clinical trials, and is thus not considered.

(2) The cohort-expansion trials of this combination are mainly designed to target the first-line treatment of higher-risk MDS (patients who fall into higher-risk group categories in the original or revised International Prognostic Scoring System), unfit AML (individuals of older age with AML who are considered not eligible for intensive treatment approaches), and CMML. Particularly, we plan to seek an accelerated marketing approval through relatively small sample size studies targeting the first-line treatment of CMML, a rare type of disease with highly unmet medical needs.

(3) In July 2022, we obtained the NMPA's consent for adding R/R cHL as an additional expansion cohort into the ongoing combination trial of IMM01 and tislelizumab. We dosed the first patient with R/R cHL in China in January 2023.

*(4) The clinical trial is led and funded by Sunshine Guojian Pharmaceutical (Shanghai) Co., Ltd. ("**Sunshine Guojian**"). As denoted by the dotted line, Sunshine Guojian and us have obtained an IND approval for a Phase Ib/II trial of this combination therapy from the NMPA in August 2021, and therefore the parties can skip the Phase Ia stage and directly initiate a Phase Ib/II trial.*

(5) We will continue to conduct preclinical studies for IMM2547, IMM51, IMM38, IMM50 and IMM62, including cell line development, in vivo studies and further evaluation.

(6) We are currently conducting the Phase I trial for IMM27M monotherapy, and have obtained the IND approval for a Phase Ib/II trial for its combination with a PD-1 antibody.

* *Currently we have several other drug candidates in preclinical stage and plan to further develop these candidates through collaboration, such as IMM2518, a second-generation VEGF×PD-L1 bispecific molecule and IMM5601, a CD47×CD38 bispecific molecule.*

Abbreviations: MDS refers to myelodysplastic syndrome; AML refers to acute myeloid leukemia; CMML refers to chronic myelomonocytic leukemia; MM refers to multiple myeloma; B-NHL refers to B-cell non-Hodgkin lymphoma; cHL refers to classical Hodgkin lymphoma; IND refers to investigational new drug; CMC refers to chemistry, manufacturing, and controls; ADCC refers to antibody-dependent cellular cytotoxicity.

Source: Company Data

Our CD47-based drug candidates include:

- **IMM01**, our Core Product, is a next-generation CD47-targeted molecule. It is the first SIRPα-Fc fusion protein to enter into clinical stage in China. IMM01 designed with IgG1 Fc can fully activate macrophages via a dual mechanism — simultaneously blocking the "don't eat me" signal by disrupting CD47/SIRPα interaction and delivering the "eat me" signal through the engagement of activating Fcγ receptors on macrophages. Furthermore, the CD47-binding domain of IMM01 was specifically engineered to avoid human red blood cell (RBC) binding. With the differentiated molecule design, IMM01 has achieved a favorable safety profile and demonstrated its ability to potently activate macrophages. We are actively evaluating IMM01 in several ongoing and planned clinical trials:

  — **Monotherapy**: We have completed a Phase I dose-escalation study evaluating IMM01 in relapsed or refractory (R/R) lymphoma. IMM01 has demonstrated encouraging results in safety and efficacy in this trial as a single agent. Among 27 evaluable patients receiving 0.003 mg/kg to 2.0 mg/kg IMM01 in the dose-escalation study, two patients achieved complete response (2 CRs), one achieved partial response (1 PR), and 13 achieved stable disease (13 SDs) (including six cases with substantial tumor shrinkage observed). Among the six patients receiving an RP2D dose of 2.0 mg/kg in this monotherapy clinical trial, one achieved complete response (1 CR), and four achieved stable disease (4 SDs), resulting in a disease control rate (DCR) of 83% in these previously heavily pre-treated R/R lymphoma patients. Based on the encouraging results of the Phase I dose-escalation study, we initiated clinical trials evaluating combination therapies of IMM01 and other drugs, including each of azacitidine and tislelizumab.

  According to Frost & Sullivan, among numerous drug developers of CD47-targeted molecules globally, we are one of the only two companies to have observed CR in monotherapy clinical trials with a well tolerated safety profile. With encouraging efficacy and favorable safety in monotherapy clinical trials and robust preclinical data of its combination studies, IMM01 is expected to achieve strong synergistic effects used in combination with other cancer agents, and therefore we plan to prioritize the clinical development of IMM01 for combination use.

  — **Combination of IMM01 and azacitidine:** As validated by multiple publicly reported clinical trials, the combination of CD47-targeted therapies and azacitidine can generate synergistic tumor-killing effects. However, since azacitidine also induces blood toxicity, its combination with CD47 antibodies (which also cause blood toxicity) may lead to exacerbated blood toxicity and serious safety issues. In contrast, based on the initial data from our ongoing Phase Ib/II clinical trial, IMM01 presents strong potential to be a combination partner with azacitidine because of its dual mechanisms and favorable safety profile. IMM01 is also safer than CD47 antibodies partly due to the significantly lower dose required (2.0 mg/kg), as compared to the typical dose of 30.0 to 45.0 mg/kg required for CD47 antibodies.

  We are evaluating the combination of IMM01 and azacitidine for the first-line treatment of higher-risk (HR) myelodysplastic syndromes (MDS), unfit acute myeloid leukemia (AML), and chronic myelomonocytic leukemia (CMML). Upon completion of the Phase Ib trial, we initiated the Phase II trial of this combination mainly for the first-line treatment of HR MDS, unfit AML and CMML in China in June 2022. Interim data as of February 10, 2023 from the Phase Ib/II trial has demonstrated favorable safety and promising efficacy profile. Neither DLT nor hemagglutination was observed among all 12 patients receiving the combination

treatment at all three dose levels of IMM01 (1.0 mg/kg, 1.5 mg/kg, and 2.0 mg/kg) in our Phase Ib trial. Moreover, the interim data obtained from our Phase II trial as of February 10, 2023 has demonstrated that: (i) among the eight evaluable patients with 1L CMML, two reached complete response (2 CRs), six reached marrow complete response (6 mCRs), with one hematological improvement (1 HI, which also achieved mCR), resulting in an overall response rate (ORR) of 100%, and (ii) among the 16 evaluable HR MDS patients who have received at least three cycles of treatment, three achieved CR (3 CRs), nine achieved mCR (9 mCRs), and seven achieved HI (7 HIs, among which 4 also achieved mCR), resulting in an ORR of 93.8%. We expect to commence a pivotal trial in China in the fourth quarter of 2023. In particular, we plan to seek an accelerated marketing approval through relatively small sample size studies targeting the first-line treatment of CMML, a rare type of disease with highly unmet medical needs. Subject to further clinical validation, we plan to file an IND application with the FDA for a Phase II study of this combination treatment.

— **Combination of IMM01 and tislelizumab:** Unlike CD47 antibodies that often employ an IgG4 Fc region, IMM01 is designed with IgG1 Fc that can fully activate macrophages by activating an additional "eat me" signal through Fc-FcγR engagement. Activated macrophages can then secrete certain cytokines and chemokines to recruit T cells to tumor sites, thus effectively converting "cold tumors" (tumors that lack T-cell infiltration) into "hot tumors" that are more responsive to the treatment of PD-1/PD-L1 inhibitors. As macrophages are widely distributed and highly infiltrated in tumor tissues of various cancers, this combination has the potential to treat a broad range of solid tumors. Our preclinical studies have demonstrated promising synergistic antitumor effects for the combination of IMM01 with either PD-1 or PD-L1 inhibitors. We intend to develop the combination therapy of IMM01 and tislelizumab for the treatment of solid tumors that are refractory or relapsed from the standard of care such as PD-1/PD-L1 inhibitors, including among others, non-small cell lung cancer (NSCLC), small cell lung cancer (SCLC), head and neck squamous cell carcinomas (HNSCC) and colorectal cancer (CRC). We are currently evaluating IMM01 and tislelizumab in a Phase II trial in various advanced solid tumors that failed to respond to or relapsed from the standard of care such as PD-1/PD-L1 inhibitors. We dosed the first patient for the Phase Ib trial in May 2022 and initiated the Phase II trial in December 2022. In our Phase Ib trial, a heavily pre-treated NSCLC patient with six lines of prior treatment and refractory to PD-1 inhibitors achieved PR after three cycles of treatment with target lesion shrinkage of 40%. After accumulating more clinical data, we may also further evaluate this combination therapy for the first-line treatment of those solid tumors as well as for the treatment of other cancer indications. We are also evaluating this combination therapy in cHL patients who relapsed or progressed after the treatment of PD-1 inhibitors, which may allow us to pursue an accelerated marketing approval leveraging the results of relatively small sample size studies. In July 2022, we obtained the NMPA's consent for adding R/R cHL as an additional expansion cohort into the ongoing combination trial of IMM01 and tislelizumab. We dosed the first patient with R/R cHL in China in January 2023. We expect to initiate a pivotal trial in the third quarter of 2024.

— **Combination of IMM01 and other drugs:** IMM01 has demonstrated a promising efficacy and safety profile in its Phase I monotherapy trial, which sets the stage for its combination use with other immunotherapies or targeted therapies. We are currently exploring therapeutic potential of IMM01 in combination with various other drugs for a range of cancer indications. We reached a collaboration with Sunshine Guojian, under which Sunshine Guojian will be primarily responsible for

driving and funding the clinical development of the combination treatment of IMM01 and CIPTERBIN® (inetetamab, a HER2 mAb) for HER2-positive solid tumors in mainland China. We are also conducting numerous preclinical studies to evaluate the combination use of IMM01 with other drugs. These combination studies have revealed strong synergistic potential in our mouse models.

Developed on our mAb-Trap platform, our CD47-based bispecific molecules share a common structure: connecting the same engineered CD47-binding domain used in IMM01 to a base antibody with antibody-dependent cellular cytotoxicity (ADCC)-enhanced human IgG1 Fc fragment. This unique structural design with the engineered CD47-binding fragment allows our CD47-based bispecific molecules to avoid RBC binding, thus enabling the adoption of an ADCC-enhanced IgG1 Fc fragment capable of inducing full macrophage activation and much improved antibody-dependent cellular phagocytosis (ADCP) and ADCC activity, which results in stronger antitumor immune responses compared to most IgG4-based CD47 bispecific antibodies. When designing these molecules, we connect the engineered CD47-binding domain to the N-terminal of the heavy chain or light chain of a base antibody against another tumor target rather than to the Fc end, which ensures undisrupted binding to CD47 and preserves the intact Fc region with full immune effector function. Compared to combination therapies, our bispecific molecules targeting the same set of targets have demonstrated stronger antitumor activity at comparable dose levels in our preclinical studies. Our CD47-based bispecific molecules include:

- **IMM0306**, one of our Key Products, is the first CD47×CD20 bispecific molecule globally to enter into clinical stage. IMM0306 has a higher affinity for CD20 than CD47, which enables it to preferentially and simultaneously bind to CD20 and CD47 on malignant B cells rather than CD47-positive normal tissues and further mitigate CD47-related toxicity.

  Our preclinical studies suggest that IMM0306 is more potent than RITUXAN® (rituximab, a CD20 mAb) monotherapy, even at a much lower dosing level, and it is more potent than the combination therapy of IMM01 and rituximab at a comparable dosing level. We initiated a Phase I trial for IMM0306 in R/R B-cell non-Hodgkin lymphoma (B-NHL) in China in May 2020, of which the preliminary data demonstrated encouraging results in safety and efficacy. According to our initial clinical data as of February 27, 2023, IMM0306 was safe and well tolerated up to 2.0 mg/kg. Among the evaluable patients across four cohorts dosed from 0.8 mg/kg to 2.0 mg/kg, who had relapsed or progressed after receiving rituximab previously, two CRs and five PRs were observed. The only evaluable FL patient at 2.0 mg/kg, who relapsed and progressed after rituximab treatment, has also been confirmed as PR. At 2.0 mg/kg, one patient with primary bone diffuse large B-cell lymphoma (DLBCL) who had four lines of prior treatment has achieved PR with all measurable lesions disappeared after 65 days of treatment. The encouraging clinical results of IMM0306 have provided further validation of our mAb-Trap platform. We commenced a Phase IIa trial for IMM0306 monotherapy for the third- or later-line treatment of FL in March 2023 and plan to seek an accelerated marketing approval through a single-arm trial. We expect to commence pivotal clinical trials in China in the third quarter of 2024. Furthermore, our IND application for the combination of IMM0306 and lenalidomide targeting front-line B-NHL was approved by the NMPA in January 2023, and we are in preparation to commence the Phase Ib trial for this combination in China. We have also received an IND approval for IMM0306 from the FDA in January 2021. With further clinical validation in the Phase I trial in China, we will then decide on our clinical development and collaboration strategy for IMM0306 in the U.S.

- **IMM2902**, one of our Key Products, is currently the only CD47×HER2 bispecific molecule that has entered into clinical stage globally. By simultaneously binding to HER2 and CD47, IMM2902 suppresses tumor cell growth and proliferation through the

blockade of HER2 and CD47/SIRPα inhibitory signals as well as the promotion of HER2 degradation, and further destroys tumor cells through enhanced ADCP, ADCC, and potentially antibody dependent cellular trogocytosis (ADCT). Our preclinical studies demonstrated strong antitumor activities of IMM2902 in a variety of breast and gastric tumor models, including those with HER2-low expression and resistant to HERCEPTIN® (trastuzumab). We are conducting a Phase Ia/Ib clinical trial in China to evaluate IMM2902 in advanced HER2-positive and HER2-low expressing solid tumors, including breast cancer (BC), gastric cancer (GC), NSCLC and biliary tract cancer (BTC), with the first patient dosed in February 2022. IMM2902 was shown to be safe and well tolerated up to 2.0 mg/kg. Dosing is ongoing for higher dose level cohorts. We have also initiated the clinical trial for advanced HER2-positive and HER2-low expressing solid tumors in the U.S. with the first patient dosed in June 2022. We have received the Fast Track Designation from the FDA in July 2022.

- **IMM2520**, one of our Key Products, is a CD47×PD-L1 bispecific molecule for the treatment of solid tumors. By targeting CD47 and PD-L1 on tumor cells and with its functional IgG1 Fc, IMM2520 can simultaneously activate macrophages and T cells to achieve strong synergistic effects and induce long-lasting tumor-specific immune responses. IMM2520 showed encouraging *in vivo* efficacy and safety in several animal models. We have obtained IND approvals for IMM2520 from the NMPA in November 2022 and from the FDA in December 2022, and dosed the first patient for the Phase I clinical trial in China in March 2023. We will primarily focus on the solid tumors that are generally resistant or not sensitive to the currently available immunotherapies, such as CRC, GC, lung cancer and HNSCC, among others.

In addition to CD47, we have selected and validated another promising innate immune checkpoint, CD24. We started the discovery research on CD24 as early as 2019, and have successfully identified lead drug candidates with potent target activity and *in vivo* therapeutic efficacy. Currently, we have one innovative IND-enabling-stage humanized monoclonal antibody (IMM47) and several discovery- and preclinical-stage bispecific molecules, including IMM4701 and IMM2547, targeting this checkpoint. CD24 is widely expressed in numerous types of solid tumors, including BC, NSCLC, CRC, HCC, renal cell carcinoma (RCC), and ovarian cancer (OC), and has been recognized as an important marker for those poor prognosis of these cancers, presenting tremendous clinical potential. However, there is currently no approved or clinical-stage drug candidate targeting CD24 globally, according to Frost & Sullivan.

- **IMM47** is a potentially global first-in-class humanized monoclonal antibody targeting CD24 for cancer treatment. We have successfully screened IMM47 despite the fact that the screening of antibodies against CD24 is highly challenging due to the relatively weak immunogenicity resulting from its small extracellular domain. With a high affinity for CD24 expressed on tumor cells, IMM47 can suppress the immune inhibitory signals sent from CD24/Siglec-10 pathway to macrophages, natural killer (NK) cells and T cells. With the ADCC-enhanced IgG1 Fc, IMM47 can specifically bind to CD24 and potently activate macrophage and NK cell-immune responses through ADCP and ADCC. IMM47 has also been shown to significantly increase the amount of M1 macrophages in tumor tissues in our *in vivo* proof-of-concept studies. It can also activate and promote T-cell response likely through tumor antigen presentation by activated macrophages to T cells and direct blockade of CD24/Siglec-10 inhibitory signals. Our preclinical studies have demonstrated promising efficacy of IMM47. In a colon cancer model, it completely eradicated subcutaneously inoculated tumor cells in all six mice after three doses of 3.0 mg/kg (~0.3 mg/kg human equivalent dose). In addition, IMM47 can establish tumor-specific immune responses that prevent tumor growth even against re-inoculation of tumor cells in mice, demonstrating its capability to further induce T-cell-based adaptive immune activation. We expect to file IND applications for IMM47 for the treatment of solid tumors with the NMPA and the FDA in 2023, and initiate a Phase I

dose-escalation study first in Australia in mid-2023. Initiating a clinical trial in Australia first can help us to begin global clinical trials earlier and accelerate clinical validation of IMM47. Additionally, we believe Australian trial can generate valuable clinical data on ethnically diverse populations, thus enhancing our ability to pursue collaboration opportunities with global pharmaceutical companies.

- **IMM4701** is a bispecific molecule that simultaneously targets CD47 and CD24. It is also developed on our mAb-Trap platform and shares a similar structure as our other CD47-based bispecific molecules. We have observed robust antitumor activity of IMM4701 in various solid tumor models, in which IMM4701 achieved 122% tumor growth inhibition (TGI) at 3.0 mg/kg (~0.3 mg/kg human equivalent dose). Further leveraging the data observed from IMM47, we plan to file IND applications with the NMPA and the FDA subsequently, and further seek collaboration opportunities with global pharmaceutical companies.

We have also been actively evaluating the therapeutic potential of other promising innate immune checkpoints, including IL-8, NKG2A and PSGL-1, and we aim to continue to stay at the forefront of the development of next-generation immunotherapies through scientific innovation.

Our adaptive immunity-based drug candidates include:

- **IMM2510** is a bispecific molecule with a mAb-Trap structure targeting VEGF and PD-L1. IMM2510 can inhibit angiogenesis, leading to tumor shrinkage, and sensitize tumor cells to immune responses, while activating T cells, NK cells, and macrophages via the blockade of PD-L1/PD-1 interaction and the induction of Fc-mediated ADCC/ADCP activity. Our preclinical efficacy studies showed that IMM2510 exerted stronger synergistic antitumor activities than the combination of a VEGF blocker and a PD-L1 antibody. We are currently conducting the Phase I dose-escalation trial for IMM2510 in China in a variety of advanced solid tumors, including, but not limited to, HCC, RCC, GC, NSCLC and soft-tissue sarcomas (STS). Initial clinical results as of February 15, 2023 have shown favorable safety and promising efficacy. IMM2510 was safe and tolerable up to 10.0 mg/kg in patients with advanced solid tumors, and we are currently evaluating patients for 10.0 mg/kg dose cohort. Among the two evaluable NSCLC patients in the trial so far, we have observed PRs in both patients with best tumor shrinkage response of 46% and 35% respectively. We expect to complete this dose-escalation study in mid-2023, and subsequently commence a cohort-expansion study.

- **IMM27M** is a new generation CTLA-4 antibody with enhanced ADCC activity. It can induce potent immune responses targeting CTLA-4 overexpressed immune-suppressive T_{reg} cells and promote T_{reg} depletion from the TME, thus enhancing T-cell antitumor response. Our preclinical studies have demonstrated that IMM27M could induce significantly stronger antitumor activity than YERVOY® (ipilimumab) and it resulted in complete tumor remission even at a dose as low as 0.3 mg/kg at which ipilimumab only exhibited approximately 50% TGI. We have commenced the Phase I clinical trial in solid tumors, with the first patient dosed in June 2022. We had enrolled 15 patients as of February 10, 2023, and we are currently enrolling patients for the sixth cohort of 5.0 mg/kg. The preliminary data demonstrates that IMM27M is safe and well tolerated up to 3.0 mg/kg. We have observed 4 SDs in this trial so far, among whom one patient with breast carcinoma who had six lines of prior treatment has achieved SD with tumor shrinkage of 28.8% at 3.0 mg/kg, and one patient with metastatic melanoma has achieved SD with tumor shrinkage of 22.9% at 2.0 mg/kg. We expect to complete this trial in mid-2023. We received an IND approval from the NMPA for a Phase Ib/II study to evaluate the combination of IMM27M and a PD-1 antibody for the treatment of

advanced solid tumors, such as RCC, NSCLC, GC and thymic carcinoma (TC), in March 2023. We may initiate clinical trials or explore collaboration opportunities for this combination therapy.

- **IMM40H** is a humanized IgG1 CD70 monoclonal antibody with enhanced ADCC activity. It can obstruct the activation and proliferation of T_{reg} cells through the inhibition of CD70/CD27 signaling. Our *in vitro* cell-based assay demonstrated that IMM40H had much stronger CD70-binding affinity than cusatuzumab (a CD70-targeted antibody developed by Argenx and currently in Phase II stage), allowing it to block the interaction of CD70 and CD27 more effectively. Moreover, IMM40H has also shown potent ADCC, complement-dependent cytotoxicity (CDC) and ADCP activity, resulting in strong immune attack on tumor cells and potentially potent therapeutic efficacy. Our preclinical data also suggests a favorable safety profile of IMM40H. According to Frost & Sullivan, CD70 could potentially be an effective therapeutic target for the treatment of CD70-positive tumors, including CD70-positive lymphoma, RCC, NSCLC, HNSCC and OC. We have obtained IND approvals for IMM40H from the NMPA and the FDA in August 2022, and may initiate Phase I clinical studies or pursue potential collaboration opportunities.

As of the Latest Practicable Date, we owned four issued patents and five allowed patent applications in the PRC, six issued patents and two allowed patent applications in the U.S., nine issued patents and two allowed patent applications in other jurisdictions, 18 pending patent applications in different jurisdictions, one PRC patent application filed as a priority application, six PCT patent applications which have entered national phases and four pending PCT patent applications which may enter various contracting states in the future.

We will continue to advance the development of our drug candidates and enrich our pipeline. To fully unleash the clinical and commercial potential of our comprehensive portfolio, we may develop and commercialize multiple other discovery- and preclinical-stage drug candidates by ourselves or through business collaboration, such as out-licensing and co-development arrangements. Led by our visionary scientist founder, Dr. Tian, we have assembled a seasoned management team with a global perspective coupled with industry expertise and a proven track record of translating biological discoveries into efficacious therapies. With the deep scientific knowledge and extensive experience of our management team, we will continue to expand our footprint in major markets worldwide and maximize the clinical and commercial value of our drug candidates.

OUR STRENGTHS

Science-driven biotechnology company with a rich next-generation immuno-oncology pipeline harnessing both the innate and adaptive immune systems

We are one of the few biotechnology companies globally adopting a systematic therapeutic approach to harness both the innate and adaptive immune systems, unleashing their synergistic potential to address the limitations of T-cell-based immunotherapies. Currently approved immuno-oncology therapies promote immune responses primarily through approaches that target T-cell immune checkpoints, exemplified by PD-1/PD-L1, CTLA-4 and LAG3. Although those immunotherapies targeting adaptive immune checkpoints have illuminated the incredible power of the immune system in combatting a wide range of cancers and dramatically changed the landscape of oncology treatment, only about 10% to 25% of cancer patients could benefit from PD-1/PD-L1 inhibitor monotherapy across almost all major cancer types, according to Frost & Sullivan. The response rates to immunotherapies targeting adaptive immune checkpoints are particularly low in "cold tumors," or in non-T cell-inflamed immune-suppressive tumor microenvironment (TME). These limitations have driven a continued search for new immunotherapeutic approaches to improve treatment outcomes. In recent years, emerging research breakthroughs have revealed the power of innate immunity and fueled a wave of next-generation immuno-oncology drugs.

To unlock the strong power of innate immunity and the synergistic potential between the two arms of immune systems, we have long been researching innate immunity to overcome the limitations of currently approved immunotherapies since our inception in 2015. To date, we have built a pipeline of over ten drug candidates that address promising key innate and adaptive immune targets. We believe our pipeline assets have significant clinical potential to treat a broad spectrum of cancer indications. Our selected drug candidates and the immune system and checkpoints they target are illustrated in the diagram below:

Note: Currently we have several other discovery- and preclinical-stage drug candidates and plan to further develop these candidates by ourselves or through collaboration.
Source: Company Data

Compared to adaptive immunity, innate immunity provides immediate non-specific immune responses to a broad array of foreign substances. Major types of innate immune cells, including macrophages, NK cells and dendritic cells (DC), are widely distributed in cancerous tissues. These innate immune cells can induce an instant immune reaction against tumor cells, and can elicit more wholistic and long-lasting immune responses against cancer, working together with adaptive immune system. The following table sets forth an overview and comparison of the key adaptive and innate immune cells in the TME:

	Adaptive Immunity		Innate Immunity		
Activation Process	Antigen priming required		First line of defense, short response time, no need for antigen priming		
Key Immune Cell Type	T cell	B cell	Macrophage	NK cell	DC
Tumor Tissue Distribution[(1)]	10-30%	3%-40%	20-50%	5%-10%	3%-10%
Major Immune Functions	• T-cell mediated killing of tumor cell via exocytosis of cytotoxic granules (perforin, granzymes) and secretion of antitumor cytokines	• Antibody production • Cytokine secretion	• Macrophage-mediated phagocytosis • Attracting T cells to the tumor microenvironment (TME) • Antigen presentation • Trogocytosis	• NK cell-mediated cytolysis via the secretion of perforin and granzymes • Activating of T cells, macrophages and DCs through release of cytokines	• Attracting T cells to the TME • Antigen presentation

Note: The tumor tissue distribution is the proportion of certain immune cells in different tumor tissues.
Source: Frost & Sullivan

By unleashing the power of innate immunity, the combination of immunotherapies targeting innate immune checkpoints and those targeting adaptive immune checkpoints may revolutionize the treatment for many cancer patients. According to Frost & Sullivan, driven in part by the growth of the innate immunotherapy market, the global market size of immuno-oncology therapy is expected to reach US$311.2 billion in 2035, representing over 50% of the then global oncology drug market. Currently, there are no innate immune checkpoint-targeted therapies approved for marketing worldwide, indicating a large untapped market.

To fill the vacuum of immunotherapies targeting innate immune checkpoints and further address critical unmet medical needs, we are committed to the discovery and development of next-generation immunotherapies that harness both powerful arms of the immune system. Underlying our drug discovery and development efforts and guided by our deep understanding of cancer biology and immunology, we uphold an overarching R&D concept that we call "DbD." The "DbD" concept requires us to carefully select and validate promising targets and to deliberately design the structure of every drug molecule based on a sound scientific rationale and preclinical validation. With our scientific expertise and insights into the landscape of current cancer treatments, we constructed a rich product portfolio with highly differentiated molecule design and global first-in-class or best-in-class potential.

Among innate immune checkpoints, CD47 has now been widely recognized and clinically validated as one of the most promising immunotherapeutic targets for the treatment of a wide range of cancers. Our founder, Dr. Wenzhi Tian, started to explore the therapeutic potential of CD47-targeted strategy in oncology as early as 2010, long before it became widely recognized in the biopharmaceutical industry. Since then, Dr. Tian has continued to closely monitor the scientific progress related to this target and has been further convinced of its potential to be a next-generation cancer immunotherapeutic target. Leveraging the fundamental insights into CD47, we started our development efforts on IMM01 since our inception in 2015, which later became the first CD47-targeted SIRPα-Fc fusion protein to enter into clinical stage in China. According to Frost & Sullivan, among numerous drug developers of CD47-targeted molecules globally, we are one of the only two companies to have observed CR in monotherapy clinical trials with a well tolerated safety profile.

Building on the engineered and global IP-protected CD47-binding domain of IMM01 and in adherence to our "DbD" concept, we further designed and developed multiple CD47-based bispecific molecules with ADCC-enhanced IgG1 Fc leveraging our proprietary mAb-Trap platform. Two of our clinical-stage CD47-based bispecific molecules, IMM0306 (CD47×CD20) and IMM2902 (CD47×HER2), are the first bispecific molecules with their respective targets globally to enter clinical trials. The other clinical-stage CD47-based bispecific molecule, IMM2520 (CD47×PD-L1), is also a highly differentiated molecule that demonstrates very promising efficacy targeting solid tumors.

In addition to CD47, we have selected and validated another promising innate immune checkpoint — CD24, through our preclinical proof-of-concept studies. This checkpoint is widely expressed on different types of cancer cells and has shown to be highly correlated to poor prognosis, presenting a robust potential for broad clinical applications. According to Frost & Sullivan, there is currently no approved or clinical-stage drug candidate targeting CD24 globally. The screening of monoclonal antibodies against CD24 is highly challenging due to the relatively weak immunogenicity resulting from its small extracellular domain. Leveraging our deep understanding in immuno-oncology, we started the discovery research on CD24 as early as 2019 and have successfully identified lead drug candidates, IMM47 and IMM4701, with potent target activity and *in vivo* therapeutic efficacy. We are also developing several other discovery- and preclinical-stage bispecific molecules targeting CD24. All of our CD24-based candidates have the global first-in-class potential in the fields of oncology and potentially other diseases. Furthermore, given its ability to stimulate innate immune responses, CD24-targeted therapy is also expected to exhibit great synergistic effects when combined with T-cell-based immune therapies.

With a comprehensive portfolio of drug candidates targeting promising innate immune checkpoints, we believe that we are well-positioned at the forefront of the global immuno-oncology drug market to address the limitations faced by T-cell-based cancer therapeutics and capture immense market opportunities.

Deep and broad innate immunity-based portfolio targeting a wide range of solid and hematologic tumors to address critical unmet medical needs

We have developed in-house one of the deepest and broadest portfolios of innate immune-targeted programs globally. Our well-constructed portfolio is built based on key innate immune targets and pathways critical to a variety of hematologic and solid tumors to address significant unmet medical needs. These portfolio candidates would not only enhance direct tumor-killing activity of innate immune cells, but can also elicit holistic immune responses across the innate and adaptive immune systems that ultimately lead to long-lasting and robust antitumor effects.

Our portfolio features a deep CD47-based pipeline comprising IMM01 (SIRPα-Fc fusion protein), multiple clinical-stage bispecific drug candidates, including IMM0306 (CD47×CD20), IMM2902 (CD47×HER2), IMM2520 (CD47×PD-L1), and numerous other discovery- and preclinical-stage CD47-based bispecific molecules. All of those CD47-based candidates are designed with IgG1 Fc. Furthermore, around CD24, we have developed one IND-enabling-stage drug candidate, IMM47 (CD24 mAb), and several discovery- and preclinical-stage bispecific molecules, including IMM4701 (CD47×CD24) and IMM2547 (CD24×PD-L1). All of those CD24-based candidates have the global first-in-class potential to address enormous market opportunities. In addition, we have expanded our portfolio to target other emerging critical innate immune checkpoints with large clinical and commercial potential, including IL-8, NKG2A and PSGL-1. Guided by our "DbD" concept, all programs are designed with a unique structure that best suit the considerations and requirements for each respective target or target pairings.

CD47

CD47 is a critical macrophage checkpoint that plays a broad role in cancer immune evasion across many cancer types. Research reveals that high expression of CD47 is shown to correlate with aggressive disease and poor prognosis. Tumor cells often express high levels of CD47, which transmit a "don't eat me" signal by binding to SIRPα on the surface of macrophages to evade macrophage destruction. As mounting clinical evidence suggests, targeting the CD47/SIRPα pathway is an effective immune-therapeutic strategy. The CD47/SIRPα pathway has been clinically validated and became one of the most attractive next-generation cancer immunotherapeutic targets, which is believed to potentially rival PD-1/PD-L1 in terms of clinical significance and market size.

According to Frost & Sullivan, the global market size of CD47/SIRPα-targeted therapies is expected to reach US$13.1 billion and US$33.7 billion in 2030 and 2035, respectively. The prospect promised by this new therapy has also been validated by publicly reported clinical data and several multibillion-dollar takeover and licensing transactions backed by leading multinational pharmaceutical companies, including Gilead, Pfizer and AbbVie.

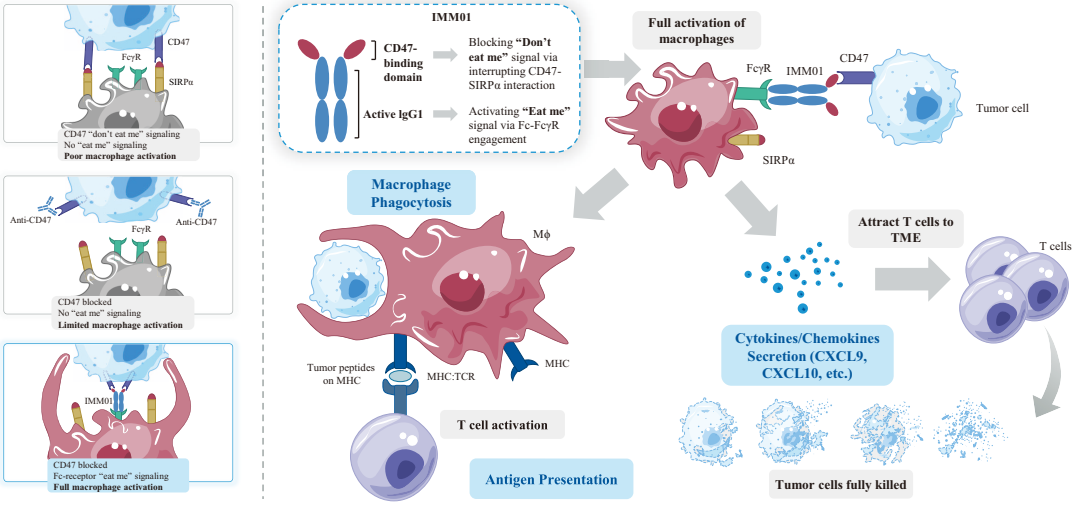
Despite the promising prospect, the successful development of CD47-targeted drugs still needs to overcome various challenges. On the one hand, binding of CD47-targeted agents with blood cells that ubiquitously express CD47, particularly RBCs, generate issues including severe blood toxicity, rapid reduction in drug exposure (or "antigenic sink") and decreased potency. On the other hand, in addition to the blockade of the "don't eat me" signal, full activation of macrophages requires an additional "eat me" signal induced by an IgG1 Fc via engagement with activating FcγR. However, due to the inevitable binding (weak or strong) of CD47 antibodies to RBCs, most of those antibodies resorted to an IgG4 Fc region with weak FcγR engagement to avoid RBC phagocytosis by macrophages, sacrificing their therapeutic efficacy for safety. Even

with IgG4 Fc, the hemagglutination (the clumping of RBCs) as a result of RBC binding of CD47 antibodies still presents substantial safety issues as seen in certain clinical trials. In addition to the clinical suspension seen with CD47 antibodies of Bristol-Myers (Celgene) and Surface Oncology, a recent example is that the FDA placed a partial clinical suspension on studies to evaluate Gilead's magrolimab (a CD47 mAb) in MDS, AML, MM and diffuse large B-cell lymphoma (DLBCL) due to an apparent imbalance in investigator-reported suspected unexpected serious adverse reaction (SUSAR) between study arms observed in trials in early 2022. All of those partial suspensions have been subsequently lifted, as the FDA determined that, following comprehensive review of the safety data from each trial, the clinical sponsor had satisfactorily addressed the deficiencies.

To tackle the safety concerns around CD47, we used an engineered CD47-binding domain of human SIRPα in IMM01, which does not bind to human RBCs in *in vitro* studies. Furthermore, our modification of deglycosylation of the binding domain mitigates the immunogenicity of the molecule. The resulting properties enable IMM01 to reduce blood toxicity and avoid antigenic sink with improved pharmacokinetic (PK) profile. The favorable safety and tolerability of IMM01 allow us to use a more potent IgG1 Fc fragment to fully activate macrophages to achieve exceptional single-agent activity even at one-fifteenth (1/15) the dose level (up to 2.0 mg/kg) of that of CD47 antibodies (typically in the range of 30 to 45 mg/kg). Additionally, IMM01 is also proven not to trigger the T-cell apoptosis that could be induced by certain CD47 antibodies.

The unique structure of IMM01, comprising an engineered CD47-binding domain and an IgG1 Fc fragment, enables it to exert a dual mechanism imperative for full macrophage activation: blocking the "don't eat me" signal while triggering a strong "eat me" signal. The dual mechanism acts to fully activate both macrophages and NK cells. Activated macrophages will not only mediate direct antitumor phagocytosis, but can also release chemokines and cytokines to recruit T cells into the TME, turning "cold tumors" into "hot tumors," further activating T-cell response through antigen presentation. Activated NK cells can on the one hand mediate ADCC against tumor cells and, on the other hand, further promote T-cell differentiation and T-cell response. The following diagram illustrates the mechanism of action of IMM01:

Mechanism of Action of IMM01



Definition: MHC refers to major histocompatibility complex.
Source: Frost & Sullivan, Literature Review, Company Data

Thus far, IMM01 has demonstrated encouraging monotherapy efficacy and good tolerability in our completed Phase I trial targeting lymphoma. With encouraging efficacy and favorable safety in monotherapy clinical trials and robust preclinical data of its combination studies, IMM01 is expected to achieve strong synergistic effects used in combination with other cancer agents.

IMM01 showed strong synergistic antitumor activity when used in combination with T-cell immunotherapies, such as PD-1 and PD-L1 inhibitors, and other cancer agents, such as azacitidine and targeted therapies. When used in combination with IgG4 antibodies, such as most PD-1 inhibitors, IMM01 with the potent IgG1 fragment is able to activate the additionally required "eat me" signal to achieve full macrophage activation and enhanced immune responses. We intend to develop the combination therapy of IMM01 and tislelizumab for the treatment of solid tumors that are refractory or relapsed from the standard of care such as PD-1/PD-L1 inhibitors, including among others, NSCLC, SCLC, HNSCC and CRC. We are currently evaluating IMM01 and tislelizumab in a Phase II trial in various advanced solid tumors that failed to respond to or relapsed from the standard of care such as PD-1/PD-L1 inhibitors. In our Phase Ib trial, a heavily pre-treated NSCLC patient with six lines of prior treatment and refractory to PD-1 inhibitors achieved PR after three cycles of treatment with target lesion shrinkage of 40%. In addition, we are also evaluating this combination therapy in cHL patients who relapsed or progressed after the treatment of PD-1 inhibitors in this Phase Ib/II trial, which may allow us to pursue an accelerated marketing approval leveraging the results of relatively small sample size studies. We dosed the first patient with R/R cHL in January 2023.

In addition, since IMM01 does not bind to RBCs *in vitro* and only a fraction of the dose is required due to its dual mechanisms, it demonstrates encouraging efficacy and is expected to achieve more favorable tolerability than CD47 antibodies, and therefore it could be broadly used in combination therapies for the treatment of a wide range of cancer indications. We have completed the Phase Ib trial and initiated the Phase II trial for the IMM01 combined with azacitidine mainly for the first-line treatment of HR MDS, unfit AML and CMML in China. Interim data from the Phase Ib/II trial has demonstrated a favorable safety profile and promising efficacy profile. Neither DLT nor hemagglutination was observed among all 12 patients receiving the combination treatment at all three dose levels of IMM01 (1.0 mg/kg, 1.5 mg/kg, and 2.0 mg/kg) in our Phase Ib trial. Moreover, the interim data obtained from our Phase II trial as of February 10, 2023 has demonstrated that: (i) among the eight evaluable patients with 1L CMML, two reached CR (2 CRs), six reached mCR (6 mCRs), and one reached HI (1 HI, which also achieved mCR), resulting in an ORR of 100%, and (ii) among the 16 evaluable HR MDS patients who have received at least three cycles of treatment, three achieved CR (3 CRs), nine achieved mCR (9 mCRs), and seven achieved HI (7 HIs, among which 4 also achieved mCR), resulting in an ORR of 93.8%. We plan to seek an accelerated marketing approval through relatively small sample size studies targeting the first-line treatment of CMML, a rare type of disease with highly unmet medical needs.

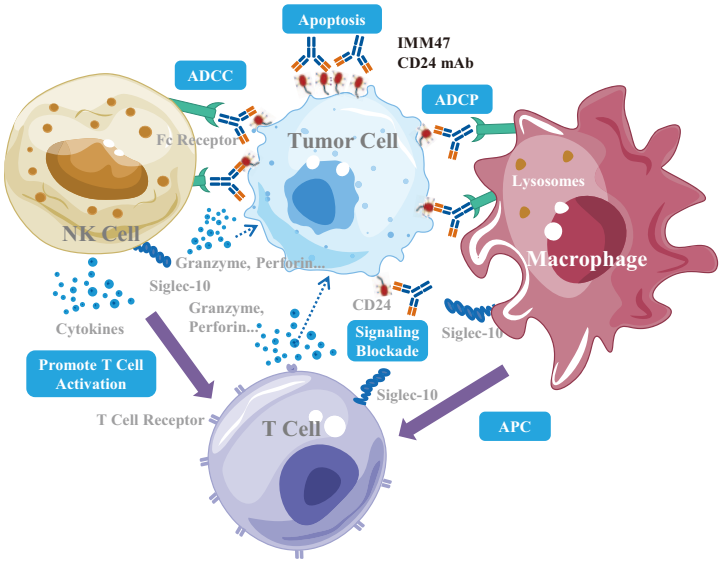
Leveraging our experience in developing IMM01, we designed and are developing numerous CD47-based bispecific molecules that incorporate the same engineered CD47-binding domain as IMM01 and an ADCC-enhanced IgG1 Fc. The engineered CD47-binding domain enables our CD47-based bispecific molecules to avoid RBC binding, thus allowing the adoption of IgG1 Fc capable of inducing full macrophage activation, much enhanced ADCP and ADCC activity, and stronger antitumor immune responses compared to most IgG4-based CD47 bispecific antibodies. Notably, compared to combination therapies of the same targets, those bispecific molecules displayed better *in vivo* efficacy, showing promise to offer improved clinical benefits and affordability.

CD24

CD24 is a promising innate immune checkpoint widely expressed on numerous types of solid tumor cells, including BC, NSCLC, CRC, HCC, RCC and OC, and strongly correlated with poor prognosis. Blocking CD24/Siglec-10 pathway will exert multifaceted activation effects on immune responses against cancer, presenting large clinical and market potential. There is currently no approved or clinical-stage drug candidate targeting CD24 globally, according to Frost & Sullivan.

IMM47 is a humanized monoclonal antibody targeting CD24, which can disrupt inhibitory CD24/Siglec-10 signaling to macrophages, NK cells and T cells. With its ADCC-enhanced IgG1 Fc fragment, IMM47 can potently activate macrophage- and NK cell-mediated immune responses through ADCP and ADCC. IMM47 has also been shown to significantly increase the amount of M1 macrophages in tumor tissues in our *in vivo* proof-of-concept studies. It can also activate and promote T-cell response likely through tumor antigen presentation by activated macrophages to T cells and direct blockade of CD24/Siglec-10 inhibitory signals. We have observed strong antitumor activity of this molecule in our preclinical solid tumor models. The following diagram illustrates the mechanism of action of IMM47:

Mechanism of Action of IMM47



Source: Frost & Sullivan, Literature Review, Company Data

Against CD24, we have subsequently developed several bispecific molecules, among which IMM4701 (CD47×CD24) is at the CMC stage and has demonstrated potent *in vivo* efficacy in a triple-negative breast cancer (TNBC) animal model.

As CD24-targeted therapy is able to activate key innate immune cells, converting non-T cell-inflamed immune-suppressive TME and further promoting T-cell response through the crosstalk between innate and adaptive immune systems, it can also create a strong synergistic potential with other immunotherapies, such as PD-1/PD-L1 inhibitors. In fact, our preclinical studies have shown that the combination of IMM47 and OPDIVO® or KEYTRUDA® can lead to a significant increase in response rates in our mouse model compared to using OPDIVO® or KEYTRUDA® alone. Furthermore, when we reinoculate the same cancer cells into mice pre-treated with IMM47 and PD-1 antibodies, tumor growth could be rapidly and completely eliminated, indicating the establishment of a tumor-specific immune response.

Other innate immune checkpoints

We have also been actively exploring the therapeutic potential of other promising innate immune checkpoints, and we aim to continue to stay at the forefront of the development of next-generation immunotherapies through scientific innovation. For example, to further modulate the TME, we are developing IMM51, a monoclonal antibody that targets IL-8, for the treatment of solid tumors. IL-8 is a chemokine that alters the immune microenvironment by recruiting myeloid derived suppressor cells (MDSC) to the TME, resulting in therapeutic resistance to immune checkpoint inhibitor (ICI) therapy. Thus, blocking IL-8 with IMM51 could potentially sensitize cancer cells to existing immunotherapies. In addition, we are conducting investigations on molecules that target NKG2A and PSGL-1. NKG2A is an inhibitory cell surface molecule mainly expressed on both NK cells and CD8+ T cells. Interaction of NKG2A with HLA-E expressed on tumor cells inhibits the activation of NK cells and T cells, thus NKG2A blocking antibody may activate the cytotoxic activity of effector CD8+ T cells and NK cells. Recent research has revealed that targeting PSGL-1, an adhesion molecule expressed by macrophage and many other hematopoietic cells, can repolarize M2 macrophages to M1-like state, inducing pro-inflammatory cytokine and chemokine production known to be associated with beneficial clinical responses. We will continue to evaluate other promising innate immune checkpoints and enrich our pipeline with novel therapies.

Scientifically and structurally differentiated molecule design based on our "drug-by-design (DbD)" concept to achieve potent efficacy and favorable safety

Targeting our strategically selected innate and adaptive immune checkpoints, we are committed to designing differentiated molecules that can achieve an optimized safety and efficacy profile. Our strong capabilities in molecule design are underpinned by an experienced scientific team with deep expertise in tumor biology and immunology. Guided by our "DbD" concept, we have designed and developed six clinical-stage, one IND-stage, one IND-enabling-stage and numerous discovery- and preclinical-stage drug candidates, each with differentiated structure and protected by global IP rights. We believe our R&D capabilities and established R&D platforms will enable us to rapidly advance our pipeline candidates towards commercialization, and to continuously discover new generations of immuno-oncology therapies to address critical unmet medical needs.

CD47-based drug candidates

Our portfolio of CD47-based drug candidates includes a SIRPα-Fc fusion protein and multiple bispecific molecules as follows:

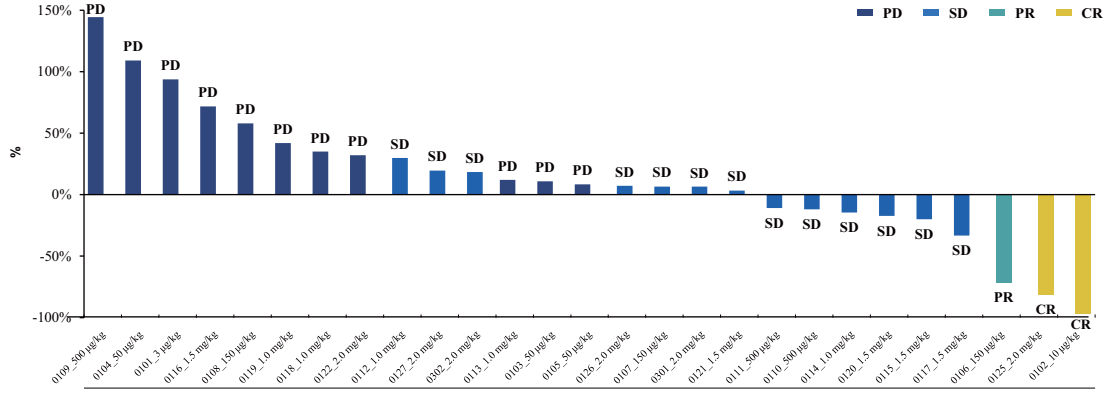
IMM01 (SIRPα-Fc fusion protein)

IMM01 is a next-generation CD47-targeted molecule. It is the first SIRPα-Fc fusion protein to enter into clinical stage in China. IMM01 is being developed for the treatment of various hematologic malignancies and solid tumors in combination with other agents. According to Frost & Sullivan, among numerous drug developers of CD47-targeted molecules globally, we are one of the only two companies to have observed CR in monotherapy clinical trials with a well tolerated safety profile.

IMM01 monotherapy has exhibited good safety and preliminary efficacy in early clinical trials. We have completed the Phase I dose-escalation study of IMM01 in R/R lymphoma patients. In the Phase I clinical trial, IMM01 was well tolerated and safe up to 2.0 mg/kg in patients. The majority of treatment-related adverse events (TRAEs) were Grade 1 and 2. Grade 3 or above TRAEs of IMM01 mainly included leukopenia, thrombocytopenia, anemia and neutropenia, with the highest rate of occurrence at 14% (four out of 29). As of December 14, 2022, clinical results from the Phase I study showed IMM01 monotherapy treatment led to two CRs (2 CRs), one PR (1

PR) and 13 SDs (including six cases with substantial tumor shrinkage observed) among 27 evaluable patients in the Phase I study, while treatments are still ongoing for the patients with PR and CR. In this Phase I monotherapy clinical trial, among the six patients at RP2D dose of 2.0 mg/kg, one reached CR (1 CR), and four reached SDs (4 SDs), with a DCR of 83% in these previously heavily pre-treated R/R lymphoma patients. The diagram below illustrates the best overall changes in size of target tumor lesions.

Best Overall Changes in Size of Target Tumor Lesions



Note: The colors of bars represent the best overall changes in size of target tumor lesions.
Source: Company Data, as of December 14, 2022

We are actively evaluating IMM01 in combination with other drugs in the following clinical trials:

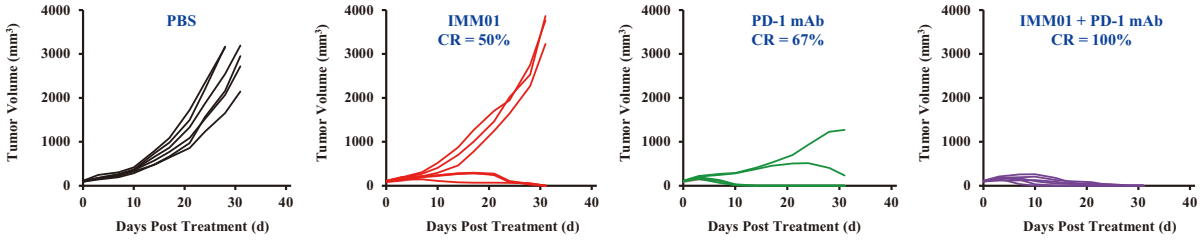
- **Combination of IMM01 and azacitidine:** The therapeutic benefits of CD47-targeted therapies in combination with azacitidine have been validated in multiple clinical trials according to publicly reported data. Our *in vivo* efficacy studies also showed that the combination of IMM01 and azacitidine exhibited favorable safety profiles and strong synergistic antitumor activity. With the dual mechanisms of action, IMM01 has demonstrated a promising efficacy signal at a dose level of 2.0 mg/kg which is much lower than the typical dose required for CD47 antibodies (30.0 to 45.0 mg/kg) when used in combination with azacitidine. IMM01 in combination with azacitidine has exhibited a favorable safety profile due to such lower doses required for treatment and its minimal impact on RBCs. We started to dose patients in a Phase Ib/II trial to evaluate this combination mainly for the first-line treatment of HR MDS, unfit AML and CMML in January 2022. Neither DLT nor hemagglutination was observed among all 12 patients at all three dose levels of 1.0 mg/kg, 1.5 mg/kg, and 2.0 mg/kg in our Phase Ib trial. Moreover, the interim data obtained from our Phase II trial as of February 10, 2023 has demonstrated that: (i) among the eight evaluable patients with 1L CMML, two reached CR (2 CRs), six reached mCR (6 mCRs), and one reached HI (1 HI, which also achieved mCR), resulting in an ORR of 100%, and (ii) among the 16 evaluable HR MDS patients who have received at least three cycles of treatment, three achieved CR (3 CRs), nine achieved mCR (9 mCRs), and seven achieved HI (7 HIs, among which 4 also achieved mCR), resulting in an ORR of 93.8%.

- **Combination of IMM01 and tislelizumab:** The combination of PD-1/PD-L1 inhibitors and CD47-targeted therapies is expected to benefit a large population of patients with solid tumors that have limited response to PD-1/PD-L1 inhibitors. When combined with PD-1 inhibitors that typically consist of IgG4 Fc, IMM01, designed with distinctive IgG1 Fc, is able to deliver the additional "eat me" signal which is for full macrophage

activation, in contrast to IgG4 Fc CD47 antibodies. Activation of macrophages can subsequently remodel the non-T cell-inflamed immune-suppressive TME and convert "cold tumors" into "hot tumors," which significantly enhance the efficacy of PD-1/PD-L1 inhibitors. Additionally, IMM01 significantly inhibits the production of IL-8, which acts as one of the key mediators of resistance to PD-1/PD-L1 inhibitors.

This is supported by the results of our *in vivo* efficacy studies assessing IMM01 in combination with a PD-1/PD-L1 antibody. In a xenograft model in mice, the combination of IMM01 and a PD-1 antibody (tislelizumab) resulted in significantly stronger antitumor effects than the PD-1 antibody used alone in our solid tumor model (see the figure below).

Combination of IMM01 and a PD-1 Antibody in Colon Cancer (CT26) Syngeneic Mouse Model



Notes: (1) Six mice per group were used in this study; (2) The colors of lines represent different groups using different drugs and/or drug candidates.
Source: Company Data

Based on the positive preclinical data, we are currently evaluating IMM01 and tislelizumab in a Phase II trial in various advanced solid tumors that failed to respond to or relapsed from the standard of care such as PD-1/PD-L1 inhibitors, including among others, NSCLC, SCLC, and HNSCC. We dosed the first patient for the Phase Ib trial in May 2022 and initiated the Phase II trial in December 2022. In our Phase Ib trial, a heavily pre-treated NSCLC patient with six lines of prior treatment and refractory to PD-1 inhibitors achieved PR after three cycles of treatment with target lesion shrinkage of 40%. We expect to initiate a pivotal trial in the third quarter of 2024. After accumulating more clinical data, we may also further evaluate this combination therapy for the first-line treatment of those solid tumors as well as for the treatment of other cancer indications. We are also evaluating this combination therapy in cHL patients who relapsed or progressed after the treatment of PD-1 inhibitors, which may allow us to pursue an accelerated marketing approval leveraging the results of relatively small sample size studies. We dosed the first patient with R/R cHL in China in January 2023.

- **Combination of IMM01 and other drugs:** IMM01 has demonstrated a promising efficacy and safety profile in its Phase I monotherapy trial, which sets the stage for its combination use with other immunotherapies or targeted therapies in our various *in vivo* studies. We are currently exploring the therapeutic potential of IMM01 in combination with other drugs for treating a wide range of cancer indications. We reached a collaboration with Sunshine Guojian, under which Sunshine Guojian will be primarily responsible for driving and funding the clinical development of the combination treatment of IMM01 and inetetamab for HER2-positive solid tumors in mainland China. We are also conducting numerous preclinical studies to evaluate the combination use of IMM01 with other drugs. These combination studies have shown robust synergistic potential in our mouse models.

In addition to the above, targeting unmet medical needs globally, we will strategically explore other promising combination therapies of IMM01 with targeted drugs or immune checkpoint inhibitors to fully unleash the potential of IMM01, based on solid scientific rationale and results generated from preclinical studies.

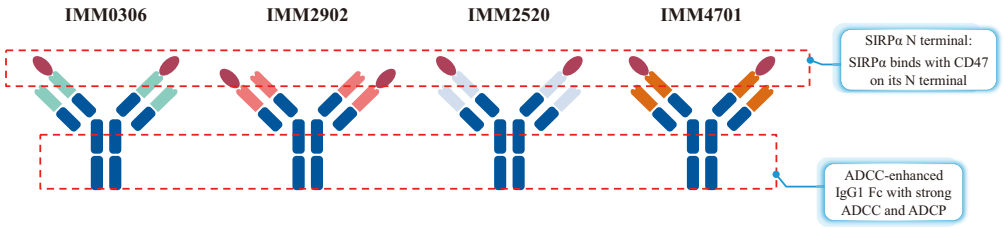
CD47-based bispecific molecules

Based on the validated molecule structure of IMM01, we have subsequently developed multiple CD47-based bispecific molecules leveraging our mAb-Trap platform. These bispecific molecules all have symmetrical structure with the same engineered CD47-binding fragment used in IMM01. The structure of our bispecific molecules was deliberately designed through a series of rigorous studies and tests guided by our "DbD" concept on various aspects, including synergy between targets, tailored molecule structure, expected dosing level, stability, and ease of manufacturing.

This unique structural design with the engineered CD47-binding fragment allows our CD47-based bispecific molecules to avoid RBC binding, thus enabling the adoption of an ADCC-enhanced IgG1 Fc fragment capable of inducing full macrophage activation and much improved ADCP and ADCC activity, resulting in stronger antitumor immune responses compared to most IgG4-based CD47 bispecific antibodies. Also, all of these bispecific molecules have higher binding affinity with the tumor antigen of the base antibody, attracting them to TME and preferentially binding to CD47 on tumor cells, minimizing "on-target, off-tumor" toxicity.

Studies on the crystal structure of CD47 have revealed that the CD47-binding region of SIRPα is located at its N-terminal. When designing the molecules, we thus connect the CD47-binding domain to the N-terminal of the heavy chain or light chain of a base antibody against another tumor target rather than to the Fc end, as is commonly seen in other CD47-based bispecifics. Our design prevents conformational interference with CD47 binding and preserves the intact Fc region with full immune effector function. The below diagram illustrates the unique structure of our bispecific molecules:

Structure of Our CD47-based Bispecific Molecules



Source: Company Data

Compared to combination therapies against the same targets, our bispecific molecules are more likely to bind with two targets co-expressed on the same cancer cell, which is the prerequisite for the dual-targeting strategy to show synergistic effects. As demonstrated in our preclinical studies, our bispecific molecules can exert more potent antitumor activity than the combination therapies with same targets even at a relatively lower dose level. In addition, the symmetric structure of our bispecific molecules developed on our mAb-Trap platform minimizes mismatch during the production process, allowing for ease of manufacturing, product stability, higher titer and protein yield. In fact, average protein yield for IMM0306, IMM2902, and IMM2520 ranges from 3.8 g/L to 4.6 g/L, much higher than the industry average for bispecific molecules of 1.0 g/L to 3.0 g/L.

As of the Latest Practicable Date, three of those bispecific molecules, *i.e.*, IMM0306 (CD47×CD20), IMM2902 (CD47×HER2) and IMM2520 (CD47×PD-L1), are in clinical stage. We are also developing multiple other discovery- and preclinical-stage CD47-based bispecific molecules, including IMM4701 (CD47×CD24).

IMM0306 (CD47×CD20)

IMM0306 is the first bispecific molecule targeting both CD47 and CD20 to enter into clinical stage globally. IMM0306 can simultaneously bind to CD47 and CD20 expressed on malignant B cells, with a higher affinity for CD20 than CD47. This fine-tuned unbalanced affinity design enhances the specificity of tumor-targeting to mitigate "on-target, off-tumor" toxicity by reducing binding to CD47 in normal tissues. Upon simultaneous binding to its targets, IMM0306 can deplete malignant B cells by activating macrophage-mediated ADCP and inducing NK cell-mediated enhanced ADCC. We are currently developing IMM0306 for the treatment of B-cell lymphoma.

Our IMM0306 has demonstrated stronger antitumor activities as compared to the combination therapy of IMM01 and rituximab or each of them as a single agent in preclinical studies. The robust *in vivo* efficacy of IMM0306 observed in this study suggests its potential to replace rituximab for the treatment of B-cell lymphoma in the first-line setting. Furthermore, our preclinical *in vitro* studies have also demonstrated that IMM0306 had a favorable safety profile as it does not bind to human RBCs or cause hemagglutination.

For IMM0306, we have initiated the Phase I trials for the treatment of R/R B-NHL in China in May 2020. Preliminary data collected from the China trial have suggested a favorable safety and promising efficacy profile. According to our initial clinical data as of February 27, 2023, IMM0306 was safe and well tolerated up to 2.0 mg/kg in patients. Among the evaluable patients across four cohorts dosed from 0.8 mg/kg to 2.0 mg/kg, who had relapsed or progressed after receiving rituximab previously, two CRs and five PRs were observed. The only evaluable FL patient at 2.0 mg/kg who relapsed and progressed after rituximab treatment has also been confirmed as PR. At 2.0 mg/kg, one patient with primary bone DLBCL who had four lines of prior treatment has achieved PR with all measurable lesions disappeared after 65 days of treatment. We commenced a Phase IIa trial for IMM0306 monotherapy for the third- or later-line treatment of FL in March 2023 and plan to seek an accelerated marketing approval through a single-arm trial. The encouraging clinical results of IMM0306 also validated our CD47-based bispecific programs developed with our mAb-Trap platform. We have also received an IND approval for IMM0306 from the FDA in January 2021. With further clinical validation in the Phase I trial in China, we will then decide on our clinical development and collaboration strategy for IMM0306 in the U.S.

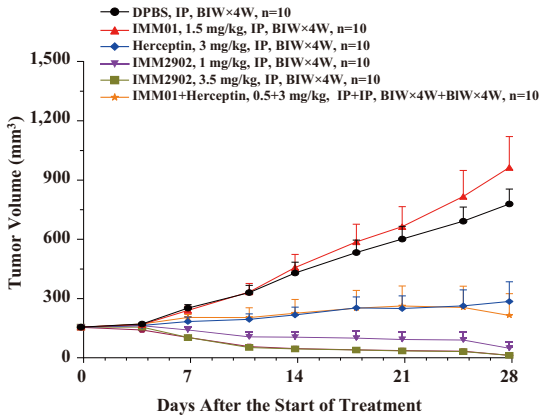
IMM2902 (CD47×HER2)

IMM2902 is the only bispecific molecule targeting both CD47 and HER2 that has entered into clinical trial globally. Similarly, IMM2902 also adopts an ADCC-enhanced IgG1 Fc region to further enhance immune activation. In addition to macrophage activation and enhanced ADCC activity, IMM2902 has been demonstrated to accelerate the degradation of HER2 in preclinical studies and can also potentially induce ADCT similar to RYBREVANT® (amivantamab, an FDA-approved IgG1 Fc EGFR×c-MET). These mechanisms, working together, lead to enhanced tumor killing of IMM2902. We are currently developing IMM2902 for the treatment of HER2-positive and HER2-low expressing solid tumors.

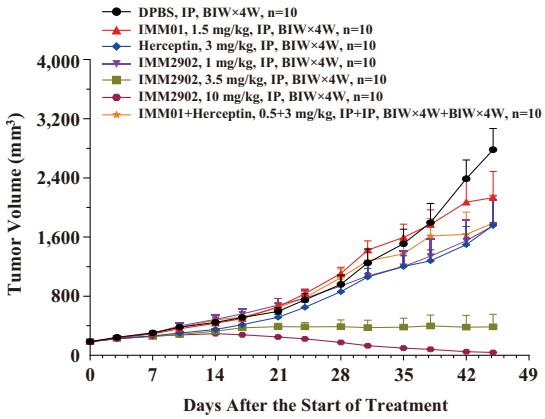
Our preclinical studies revealed strong antitumor activities of IMM2902 in a variety of xenograft models of breast and gastric tumors, including those with HER2-low expression and models resistant to trastuzumab. As shown in the diagrams below, IMM2902 completely eradicated established tumors at 3.5 mg/kg (~0.35 mg/kg human equivalent dose) in a trastuzumab-sensitive

BC and at 10 mg/kg (~1.0 mg/kg human equivalent dose) in a trastuzumab-resistant BC model. Our IMM2902 also exhibited favorable efficacy in trastuzumab-sensitive and HER2-low expressing GC models in our preclinical studies.

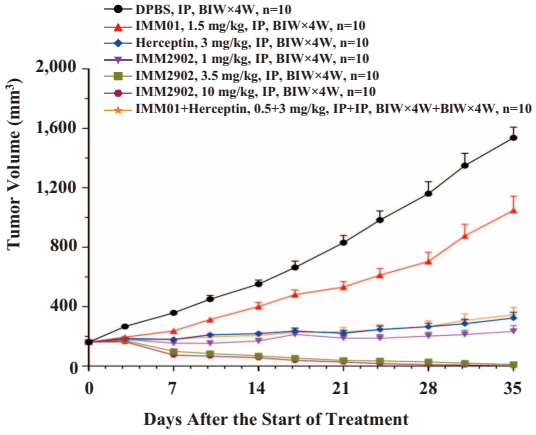
Efficacy Study in Trastuzumab-Sensitive Breast Cancer (BT474) Xenograft Mouse Model



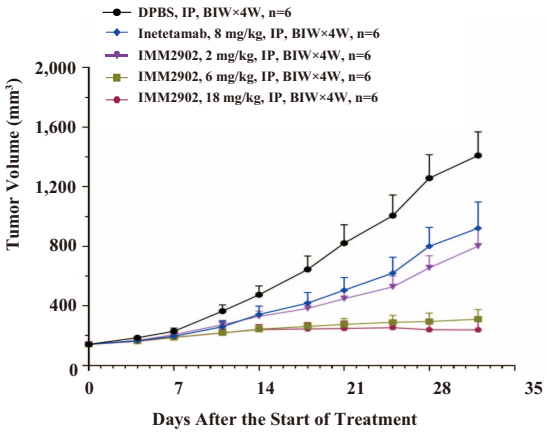
Efficacy Study in Trastuzumab-resistant Breast Cancer (HCC-1954) Xenograft Mouse Model



Efficacy Study in Herceptin-sensitive Gastric Cancer (NCI-N87) Xenograft Mouse Model



Efficacy Study in HER2-low Expressing Gastric Cancer (SNU-1) Xenograft Mouse Model



Source: Company Data

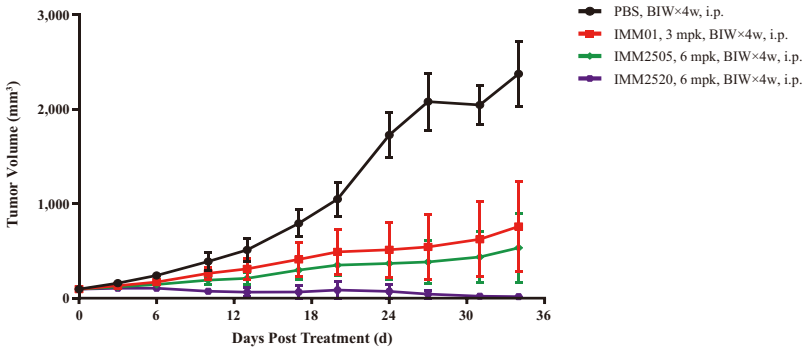
Our preclinical studies have also demonstrated that, compared to magrolimab analog (Hu5F9, a CD47 antibody replicated by us based on public information) that could induce obvious hemagglutination at the concentration beyond 370 ng/ml, IMM2902 does not induce hemagglutination of human red blood cells, even at the concentration as high as 10,000 ng/ml. We have obtained IND approvals for IMM2902 in China and the U.S. for the treatment of advanced HER2-positive and HER2-low expressing solid tumors, including BC, GC, NSCLC and BTC. We dosed the first patient in China in February 2022 and are enrolling the sixth cohort for this dose-escalation study in China. IMM2902 was shown to be safe and well tolerated up to 2.0 mg/kg. Dosing is ongoing for higher dose level cohorts. We have also initiated the clinical trial for advanced HER2-positive and HER2-low expressing solid tumors in the U.S. with the first patient dosed in June 2022. We have received the Fast Track Designation from the FDA in July 2022.

IMM2520 (CD47×PD-L1)

IMM2520 is a bispecific molecule that targets both CD47 and PD-L1 for the treatment of solid tumors. Unlike most other CD47×PD-L1 bispecifics, our engineered CD47-binding fragment allows us to adopt an ADCC-enhanced IgG1 Fc in IMM2520 that is capable of triggering an additionally required "eat me" signal to fully activate macrophages, inducing enhanced ADCP and ADCC activity, mobilizing both innate and adaptive immunities to target tumor cells and improving the clinical response to PD-1/PD-L1 inhibition.

As shown in the below diagram, a syngeneic model in mice demonstrated that IMM2520 led to complete tumor remission at the dose of 6 mg/kg (~0.6 mg/kg human equivalent dose):

Efficacy Study in Colon Cancer (CT26) Syngeneic Mouse Model



Note: IMM2505 is a first-generation CD47 and PD-L1bispecific molecule internally developed by us.
Source: Company Data

In addition, our preclinical toxicity studies of IMM2520 also demonstrated that IMM2520 did not bind to human RBCs. We have obtained IND approvals for IMM2520 from the NMPA in November 2022 and from the FDA in December 2022, and dosed the first patient for the Phase I clinical trial in China in March 2023. We will particularly focus on the solid tumors generally resistant or not sensitive to the currently available immunotherapies, such as CRC, GC, lung cancer and HNSCC, among others.

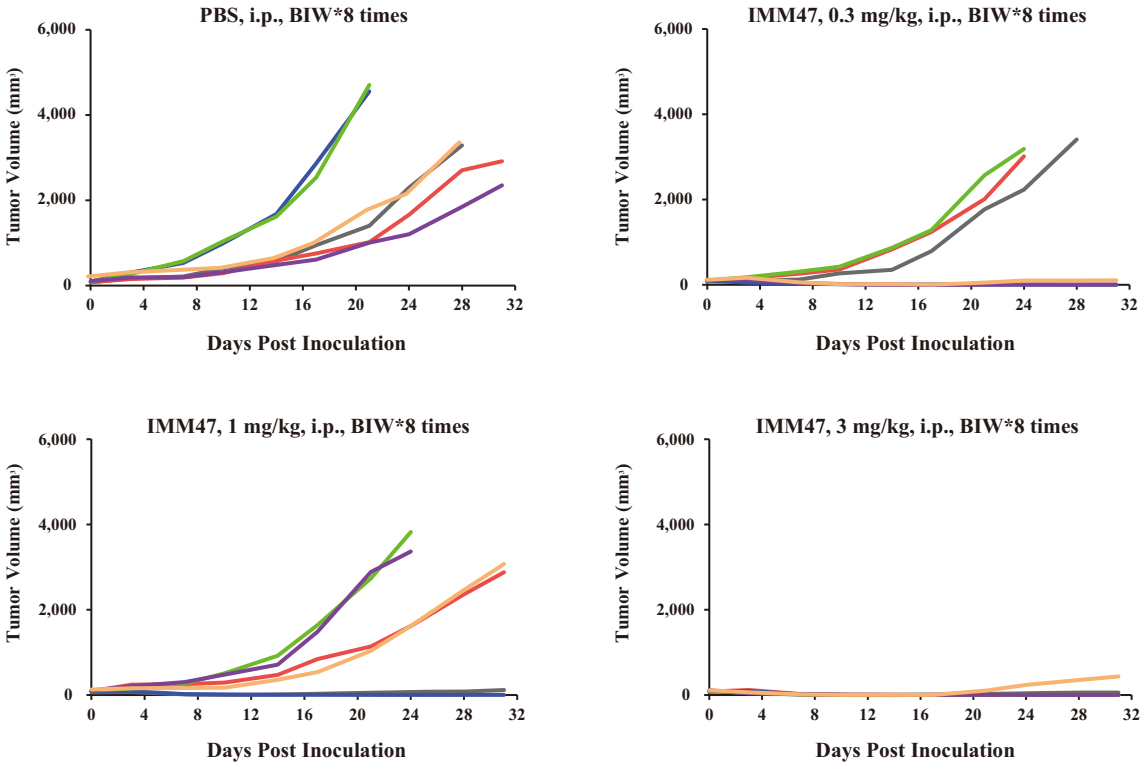
CD24-targeted drug candidates

We started our discovery research on CD24 as early as 2019, and have in-house screened and developed one IND-enabling-stage humanized monoclonal antibody, IMM47 (CD24 mAb), and several discovery- and preclinical-stage bispecific molecules, including IMM4701 (CD24×CD47) and IMM2547 (CD24×PD-L1), all with global first-in-class potential.

IMM47 (CD24 mAb)

IMM47 is a potentially global first-in-class humanized monoclonal antibody targeting CD24 for oncology treatment. According to Frost & Sullivan, there is no approved or clinical stage molecule targeting CD24 worldwide. With its ability to activate integrated innate and adaptive immune responses, IMM47 has shown robust tumor activity in our preclinical studies. In a colon cancer model, IMM47 completely eradicated subcutaneously inoculated tumor cells in all six mice after three doses of 3.0 mg/kg (~0.3 mg/kg human equivalent dose).

Proof-of-Concept Study in Colon Cancer (MC38) Syngeneic Mouse Model



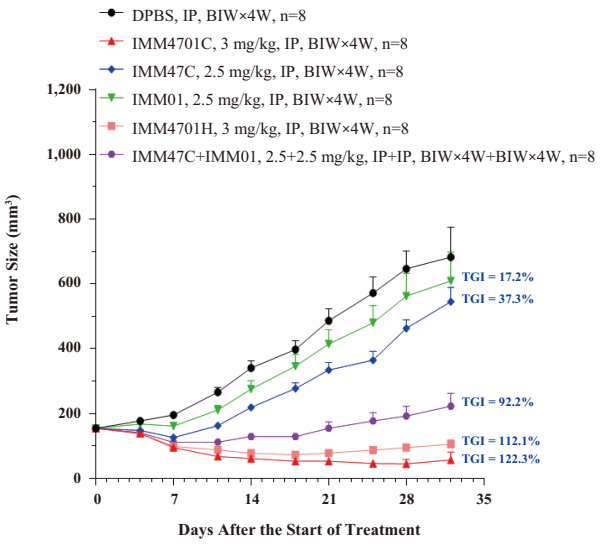
Notes: (1) Six mice per group were used in this study. (2) The colors of lines represent the different responses of the six mice in each group.
Source: Company Data

Our IMM47 has further demonstrated the ability to induce immunological memory against tumors in our *in vivo* studies. Mice treated with IMM47 established tumor-specific immune responses that prevented tumor growth even against re-inoculation of tumor cells, demonstrating IMM47's capability to further induce T-cell-based adaptive immune activation. Furthermore, our preclinical studies have revealed a strong synergistic effect of IMM47 when used in combination with OPDIVO® or KEYTRUDA® as compared to OPDIVO® or KEYTRUDA® monotherapy. For details, please see paragraphs and diagrams under the heading "— Our Innate Immune Checkpoint-targeted Drug Candidates — IMM47 (CD24 mAb)."

IMM4701 (CD47×CD24)

IMM4701 is a bispecific molecule with a mAb-Trap structure targeting CD47 and CD24 for the treatment of solid tumors. The mAb-Trap molecule structure of IMM4701 allows it to exhibit similar advantages in safety and efficacy as other CD47-based bispecific molecules designed by us. By targeting CD24 and CD47 simultaneously, IMM4701 can exert therapeutic effects stronger than the combination of single agents against those two targets. In our preclinical studies, IMM4701C, to which IMM4701 has highly similar *in vitro* efficacy, demonstrated potent *in vivo* antitumor activity. As illustrated in the below diagram, under the MCF-7 xenograft model in severe combined immunodeficiency disease (SCID) mice, IMM4701C resulted in reduced tumor size and exhibited a high potency when administered at 3.0 mg/kg (~0.3 mg/kg human equivalent dose).

Efficacy Study in Triple-negative Breast Cancer (MCF-7) Xenograft Mouse Model



Note: IMM47 revealed highly similar *in vitro* efficacy as IMM47C (a previous chimeric version of IMM47) and IMM47H (a previous fully humanized version of IMM47), and was eventually selected for the further development. IMM4701, IMM4701C and IMM4701H were developed based on IMM47, IMM47C and IMM47H, respectively.

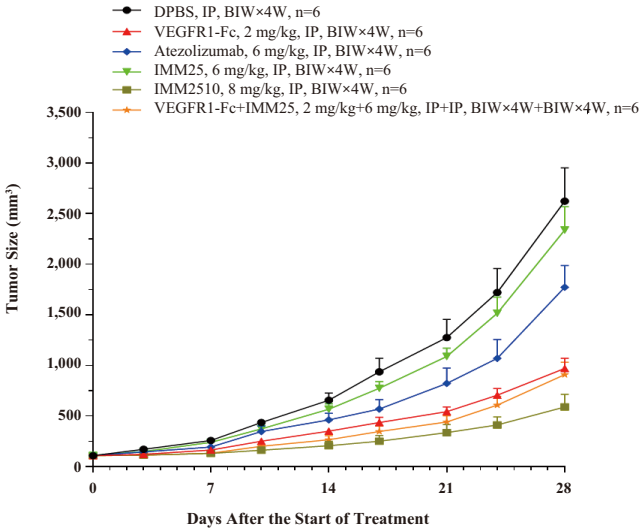
Source: Company Data

Selected adaptive immune checkpoint-targeted drug candidates

IMM2510 (VEGF×PD-L1)

IMM2510 is a bispecific molecule with a mAb-Trap structure targeting VEGF and PD-L1 for the treatment of solid tumors. Both VEGF and PD-L1 are clinically validated targets and have shown strong synergistic effects with the approval of combination therapies targeting these two pathways in many solid tumor indications. With the binding of VEGF and PD-L1, IMM2510 can simultaneously block the PD-L1/PD-1 pathway and the VEGF/VEGFR pathway, activating T-cell tumor killing and at the same time inhibiting tumor angiogenesis and tumor growth. IMM2510 can also activate NK cells and macrophages via IgG1 Fc-mediated ADCC and ADCP activities. As shown in the below diagram, our *in vivo* efficacy studies demonstrated that IMM2510 had a better efficacy profile than the VEGF blockers and PD-L1 antibodies either as a single agent or used in combination.

Efficacy Study in Breast Cancer (MDA-MB-231-Luc) Xenograft Mouse Model



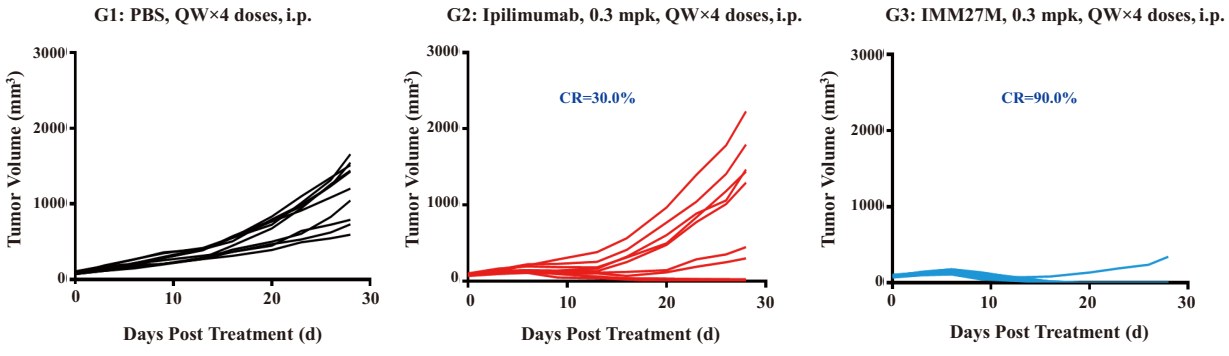
Note: IMM25 is an engineered PD-LI antibody with ADCC enhancement.
Source: Company Data

The initial results of the Phase I clinical trial have demonstrated preliminary efficacy of IMM2510. As of February 15, 2023, it was safe and tolerable up to 10.0 mg/kg in patients with advanced solid tumors. Among the two evaluable NSCLC patients in the trial so far, we have observed PRs in both patients with best tumor shrinkage response of 46% and 35% respectively.

IMM27M (CTLA-4 ADCC-enhanced mAb)

IMM27M is a new generation CTLA-4 antibody with enhanced ADCC activity through genetic-engineering modification. Through enhanced ADCC activities, IMM27M is able to induce enhanced immune responses against CTLA-4 overexpressed T_{reg} cells and promote T_{reg} depletion, thus enhancing T-cell antitumor responses. As illustrated in the diagrams below, our *in vivo* efficacy studies demonstrated that IMM27M could induce a significantly stronger antitumor activity than ipilimumab, and it resulted in complete tumor remission even at a dose as low as 0.3 mg/kg (~0.03 mg/kg human equivalent dose):

Efficacy Study in Colon Cancer (MC38) Syngeneic Mouse Model



Source: Company Data

We have commenced the Phase I clinical trial in solid tumors, with the first patient dosed in June 2022. We had enrolled 15 patients as of February 10, 2023, and we are currently enrolling patients for the sixth cohort of 5.0 mg/kg. The preliminary data demonstrates that IMM27M is safe and well tolerated up to 3.0 mg/kg. We have observed 4 SDs in this trial so far, among whom one patient with breast carcinoma who had six lines of prior treatment has achieved SD with tumor shrinkage of 28.8% at 3.0 mg/kg, and one patient with metastatic melanoma has achieved SD with tumor shrinkage of 22.9% at 2.0 mg/kg. We expect to complete this trial in mid-2023.

Integrated proprietary R&D engine anchored around our deep understanding of tumor immunology, continuously driving the discovery and development of innovative next-generation immunotherapies

We have established an integrated in-house R&D platform that covers target selection and validation, drug discovery, high-throughput screening, molecule design, preclinical studies, CMC and IND-enabling capabilities. Our platform enables us to continuously discover and develop next-generation innovative oncology therapies and move them forward to the clinical stage. The R&D engine includes a proprietary mAb-Trap bispecific platform, advanced hybridoma technology, high-throughput screening, strong immunoassay and bioassay technology, efficient cell line development and antibody production, as well as robust CMC and manufacturing capacity, which allow us to efficiently conduct screening for leading compounds and druggability analysis, cost-effectively manufacture high-quality drug candidates in-house, and provide firm support for our drug development efforts. Our R&D capabilities are anchored by our profound comprehension of biology and our stable R&D, CMC and regulatory affairs teams consisting of 62 members with extensive experience in drug discovery, preclinical research, process development and CMC.

Our integrated R&D platform enables us to effectively select novel targets, optimize molecule structure design and accelerate the drug development process. With proprietary hybridoma technology and know-how, we can efficiently identify and improve antibody fragments with higher specificity, affinity and other best-suited properties. We are currently exploiting the hybridoma technology and high-throughput screening to develop multiple therapeutic monoclonal antibodies, including IMM47, IMM40H, and discovery- and preclinical-stage candidates for several new targets, which are targets with no approved drugs in anywhere of the world. As a testament to our R&D competencies, we have successfully in-house discovered and developed over ten drug candidates with 17 IND approvals from the NMPA and the FDA. As of the Latest Practicable Date, around the globe, we owned 19 issued patents, nine allowed patent applications, 22 pending patent applications and one PRC patent application filed as a priority application, enabling us to tap into the global market and maximize the commercial value of our drug candidates.

Guided by our insights in tumor biology and immunology and our "DbD" concept, we have built the mAb-Trap bispecific platform to effectively facilitate the science-driven drug design and development. This platform enables us to connect engineered tumor target binding domains to the N-terminal of the heavy chain or light chain of respective antibodies, whichever is best suited for the targets we have selected, allowing for favorable binding affinity with tumor targets while preserving IgG1 Fc effector function. A number of bispecific molecules stemmed from this platform and demonstrated potent efficacy, good safety in preclinical studies. Four of those molecules (i.e., IMM0306, IMM2902, IMM2510 and IMM2520) have entered into clinical development stage. Preliminary clinical results of IMM0306 thus far have further validated the advantages of this unique molecule design and our mAb-Trap platform. IMM0306 was safe and well tolerated up to 2.0 mg/kg in patients. Among the evaluable patients across four cohorts dosed from 0.8 mg/kg to 2.0 mg/kg, who had relapsed or progressed after receiving rituximab previously, two CRs and five PRs were observed. The only evaluable FL patient at 2.0 mg/kg who relapsed and progressed after rituximab treatment has also been confirmed as PR. At 2.0 mg/kg, one patient with primary bone DLBCL who had four lines of prior treatment has achieved PR with all measurable lesions disappeared after 65 days of treatment.

In addition, the symmetric structure of these mAb-Trap bispecific molecules, similar to that of native antibodies, allows for ease of manufacturing, product stability, higher tier and protein yield, and makes the CMC process and production by standard antibody manufacturing techniques more feasible. Our mAb-Trap bispecific candidates thus have consistently maintained high production yield in our manufacturing process. For example, the average protein yield for IMM0306, IMM2902, and IMM2520 ranges from 3.8 g/L to 4.6 g/L, much higher than the industry average for bispecific molecules of 1.0 g/L to 3.0 g/L.

Seasoned management team with a track record of drug innovation and clinical development, led by a renowned immunologist founder and backed by blue chip investors

Our founder, chief executive officer and chief scientific officer, Dr. Wenzhi Tian, EMBA, is a renowned expert in cancer immunotherapies. Dr. Tian brought us over 30 years of academic and industrial experience in the field of immuno-oncology. Based on his in-depth understanding of cancer immunology, Dr. Tian has been at the forefront of scientific research and built a proven track record in target validation, molecule design and drug development for innovative immunotherapies. He identified CD47 as a promising immunotherapeutic target and commenced drug research on CD47 starting from 2010, roughly 10 years earlier than the validation of CD47 by clinical data. His deep expertise and foresight in target selection also led to our development of multiple monoclonal antibody and bispecific molecules targeting CD24, another promising checkpoint since 2019, all with global first-in-class potential. A prolific scientist, Dr. Tian invented 13 issued patents, 9 allowed patent applications and 27 patent applications, and published over 30 scientific papers in the area of immunology and CD47 in internationally-recognized journals.

Led by Dr. Tian, we have assembled a leadership team with extensive preclinical and clinical development experience and a proven track record of drug innovation. Core members of our R&D team, led by Mr. Song Li and Mr. Ruliang Zhang, have been working with Dr. Tian for close to 10 years.

Mr. Song Li, our vice president of R&D, has over 10 years of experience in antibody drug discovery and process development. He has led the drug discovery and preclinical development of all our IND-approved drug candidates. Mr. Li possesses solid expertise in lead selection, antibody engineering and optimization, cell line and process development and antibody characterization. Mr. Li holds 11 issued patents, 8 allowed patent applications and 24 patent applications.

Mr. Ruliang Zhang, our deputy general manager and senior vice president, has over 15 years of CMC, quality control, regulatory and project management experience in the biopharmaceutical industry. Mr. Zhang has successfully advanced 8 drug candidates into clinical stage with 17 IND approvals, among which 13 were approved by the NMPA and four were approved by the FDA.

Our team also has other seasoned executives who leverage their extensive experience at leading multinational pharmaceutical companies and top investment banks.

Dr. Qiying Lu, our senior vice president and chief medical officer, has around 20 years of experience in clinical practice and innovative oncology drug development. He brings us valuable long-term experience with multinational pharmaceutical companies, including GlaxoSmithKline, AstraZeneca, and Pfizer. During his tenure at Pfizer, he successfully led the strategy development until regulatory marketing approval of various drug candidates in China, including IBRANCE® and VIZIMPRO®.

Dr. Frank Xiaodong Gan, our senior vice president, has over 25 years of experience in preclinical and clinical development in the academia and biopharmaceutical industry. Dr. Gan has accumulated a wealth of clinical development experience in critical positions over the years at

various prestigious multinational pharmaceutical companies. Dr. Gan led the global clinical development of various drug candidates and played an important role in the successful market launch of numerous products, including CYRAMZA®, BALVERSA®, and JANUVIA®.

Ms. Ziyi Song, our chief financial officer, brings us over 15 years of capital markets experiences gained at global investment banks, combined with solid biomedical sector knowledge developed through her educational background in medical sciences, healthcare-focused investment banking and investment management experiences. Ms. Song has extensive experience in capital market and corporate strategy through executing high-profile capital market transactions, including IPOs, financings, M&As, and healthcare investment.

Dr. Zikai Xiong, Ph.D., our senior vice president of Business Development, has extensive experience in the biotechnology industry, ranging from pharmaceutical giants to startups. During his career, Dr. Xiong held key strategy and business development positions in multinational corporations and biotechnology companies. For further details of our senior management's proven track record and industry experience, please refer to the section headed "Directors, Supervisors and Senior Management" in this document.

We are also backed by multiple global and locally recognized blue-chip institutional investors and healthcare-focused specialized investment funds, including, among others, Lilly Asia Ventures, LYFE Capital, Shanghai Science and Technology Innovation Fund, and RemeGen VC. We have raised approximately US$216 million in capital across 6 series of financings within 6 years, demonstrating the market's strong confidence in our business potential.

OUR STRATEGIES

To advance the development of our drug candidates to unleash their therapeutic potential and address significant unmet medical needs

We have formulated and are implementing a stepwise clinical development strategy that would allow us to thoroughly evaluate the therapeutic potential of our innate and adaptive immunity-based candidates spearheaded by our CD47 portfolio and CD24 candidates, and expand their clinical application, with an aim to ultimately overcome the limitations of the current standard of care and potentially reshape the tumor-treatment paradigm globally.

Leveraging the expertise of our clinical development team, we are rapidly advancing the clinical development of our drug candidates targeting innate and adaptive immune checkpoints to treat a wide array of hematologic malignancies and solid tumors and address significant unmet medical demands.

Treatment of hematologic malignancies

Accumulating clinical evidence has supported the effectiveness of CD47-targeted agents in treating hematologic tumors. We are developing IMM01, IMM0306 and other pipeline candidates for the treatment of hematologic malignancies, such as lymphoma, MDS/CMML and AML, through monotherapy and combination strategies. Our clinical development plans for our programs that target hematologic malignancies are as follows:

- IMM01 in combination with azacitidine: Upon completion of the Phase Ib trial, we initiated a Phase II trial to evaluate the combination therapy of IMM01 and azacitidine mainly for the first-line treatment of HR MDS, unfit AML and CMML in June 2022, from which so far we have observed an encouraging efficacy and safety profile of this combination therapy. We expect to commence a pivotal trial in China in the fourth quarter of 2023. In particular, we plan to seek an accelerated marketing approval through relatively small sample size studies targeting the first-line treatment of CMML,

a rare type of disease with highly unmet medical needs. Subject to further clinical validation, we plan to file an IND application with the FDA for a Phase II study of this combination treatment.

- IMM01 in combination with tislelizumab: We are evaluating this combination therapy in cHL patients who relapsed or progressed after the treatment of PD-1 inhibitors, which may allow us to pursue an accelerated marketing approval leveraging the results of relatively small sample size studies. We dosed the first patient with R/R cHL in China in January 2023.

- IMM0306 (CD47×CD20): We initiated a Phase I trial for IMM0306 in R/R B-NHL in China in May 2020, of which preliminary data showed good safety and promising efficacy. We commenced a Phase IIa trial for IMM0306 monotherapy for the third- or later-line treatment of FL in March 2023 and plan to seek an accelerated marketing approval through a single-arm trial. We expect to commence pivotal clinical trials in China in the third quarter of 2024. Furthermore, our IND application for the combination of IMM0306 and lenalidomide targeting front-line B-NHL was approved by the NMPA in January 2023, and we are in preparation to commence the Phase Ib trial for this combination in China. We have also received an IND approval for IMM0306 from the FDA in January 2021. With further clinical validation in the Phase I trial in China, we will then decide on our clinical development and collaboration strategy for IMM0306 in the U.S.

- IMM40H (CD70 mAb): We have obtained IND approvals for IMM40H from the NMPA and the FDA in August 2022, and may initiate Phase I clinical studies or pursue potential collaboration opportunities.

Treatment of solid tumors

Parallel with the programs targeting hematologic malignancies, we are also actively advancing the development of our pipeline candidates for the treatment of solid tumors, which would allow us to tap into a huge market with a large patient population. The synergies of our selected innate and adaptive immune targets also multiply the combination potential among our pipeline assets for the treatment of a wide range of tumor indications. Our clinical development plans for our programs targeting solid tumors are as follows:

- CD47-targeted drug candidates

  - IMM01 in combination with tislelizumab: We initiated the Phase Ib/II trial to evaluate IMM01 in combination with tislelizumab for the treatment of various advanced solid tumors that failed to respond to or relapsed from the standard of care such as PD-1/PD-L1 inhibitors, including among others, NSCLC, SCLC, HNSCC and CRC in May 2022. After accumulating more clinical data, we may further evaluate this combination therapy for the first-line treatment of those solid tumors as well as for the treatment of other cancer indications. We expect to initiate a pivotal trial in the third quarter of 2024.

  - IMM2902 (CD47×HER2): We initiated a Phase Ia/Ib trial for IMM2902 in advanced HER2-positive and HER2-low expressing solid tumors, including BC, GC, NSCLC and BTC, in China in February 2022. Based on an IND approval for IMM2902 in HER2-positive and HER2-low expressing solid tumors granted by the FDA in August 2021, we have also initiated the clinical trial for advanced HER2-positive and HER2-low expressing solid tumors in the U.S. with the first patient dosed in June 2022. We expect to largely complete the Phase Ia trials in China and the U.S. in 2023.

- IMM2520 (CD47×PD-L1): We have obtained IND approvals for IMM2520 from the NMPA in November 2022 and from the FDA in December 2022, and dosed the first patient for the Phase I clinical trial in China in March 2023. We will particularly focus on the solid tumors generally resistant or not sensitive to the currently available immunotherapies, such as CRC, GC, lung cancer and HNSCC, among others.

- CD24-targeted drug candidates

  - IMM47 (CD24 mAb): We expect to file IND applications for IMM47 with the NMPA and the FDA for the treatment of solid tumors in 2023, and initiate a Phase I dose-escalation study first in Australia in mid-2023. Initiating a clinical trial in Australia first can help us to begin global clinical trials earlier and accelerate clinical validation of IMM47. Additionally, we believe Australian trial can generate valuable clinical data on ethnically diverse populations, thus enhancing our ability to pursue collaboration opportunities with global pharmaceutical companies.

  - IMM4701 (CD47×CD24): Further leveraging the data observed from IMM47, we expect to file IND applications for IMM4701 with the NMPA and the FDA for the treatment of solid tumors, and further seek collaboration opportunities with global pharmaceutical companies.

- Adaptive immune checkpoint-targeted drug candidates

  - IMM2510 (VEGF×PD-L1): We received the IND approval for IMM2510 from the NMPA in December 2020. We commenced the Phase I dose-escalation trial for IMM2510 in China in August 2021 for the treatment of a variety of advanced solid tumors, including but not limited to, HCC, RCC, GC, NSCLC and STS. We expect to complete this dose-escalation study in mid-2023, and subsequently commence a cohort-expansion study.

  - IMM27M (CTLA4 ADCC+): We obtained the IND approval for IMM27M from NMPA in November 2021 have commenced the Phase I clinical trial in solid tumors, with the first patient dosed in June 2022. We expect to complete this trial in mid-2023. We received an IND approval from the NMPA for a Phase Ib/II study to evaluate the combination of IMM27M and a PD-1 antibody for the treatment of advanced solid tumors, such as RCC, NSCLC, GC and TC, in March 2023. We may initiate clinical trials or explore collaboration opportunities for this combination therapy.

  - IMM40H (CD70): We have obtained IND approvals for IMM40H from the NMPA and the FDA in August 2022, and may initiate Phase I clinical studies or pursue potential collaboration opportunities.

Upon obtaining supportive clinical evidence from our ongoing trials in patients with cancers resistant to currently available therapies, we will further advance our clinical trials towards first-line treatment to expand the market share for our drug candidates. To achieve such goal, we plan to conduct head-to-head clinical trials to evaluate our drug candidates against standard-of-care approved for first-line treatment. Clinical use in the first-line setting will open a significant market for our drug candidates due to larger patient populations and a comparatively longer treatment duration.

To expand our global footprint and maximize the clinical and commercial value of our drug candidates through global clinical trials and accretive partnerships

We endeavor to expand our global footprint and develop next-generation immuno-oncology therapies to fully grasp global market opportunities. We have designed a clear overseas clinical development strategy with an initial focus on the U.S. market. We plan to rapidly advance early-stage clinical studies in China, and may subsequently leverage the China data to obtain IND approvals for Phase II clinical studies in the U.S. in order to save the time and costs of clinical development in the overseas market. As many of our drug candidates have global first-in-class potential, we believe we are well-positioned to conduct multi-regional clinical trials to obtain marketing approvals in multiple countries and seek potential collaboration opportunities in the global market. Dr. Frank Xiaodong Gan, an industry expert with notable clinical development experience at multiple prestigious pharmaceutical companies in the U.S., including Merck, Bristol Myers Squibb, Eli Lilly and Janssen, joined us as our Senior Vice President with responsibility to lead the clinical development in the United States. Moreover, leveraging our experienced senior management team's deep-rooted network within the medical community in the U.S., we have collaborated with reputable principal investigators to formulate scientific clinical designs and engaged industry-leading CROs for efficient clinical development. We will continue to strengthen our relationships with these principal investigators and CROs, and actively explore other cooperation opportunities globally. We have obtained IND approvals from the FDA for, among others, IMM0306, IMM2902, IMM2520, and IMM40H. Based on an IND approval granted by the FDA in August 2021 for IMM2902, we have initiated the clinical trial for advanced HER2-positive and HER2-low expressing solid tumors in the U.S. with the first patient dosed in June 2022. With the support of further clinical validation from the China trials, we also plan to file an IND application for a Phase II trial for the combination of IMM01 and azacitidine with the FDA.

To penetrate the global market in a cost-effective and efficient manner, we will also actively seek strategic collaboration opportunities, including licensing arrangements, co-development and/or co-commercialization arrangements to optimize our pipeline structure, expedite the development of our drug candidates, broaden their addressable patient population, and accelerate the penetration in a variety of markets. We have presented preclinical and clinical data of our drug candidates at various international conferences including annual meetings of AACR, ASH and ASCO, to attract the interest of potential strategic partners. With the proven R&D capabilities and the encouraging preclinical and clinical data of our drug candidates, we believe that we are well-positioned to form value-accretive partnerships with renowned global and local pharmaceutical companies. In particular, we are seeking out-licensing and co-commercialization opportunities for our pipeline with partners that possess (i) strong medical and clinical resources to advance our global clinical development; and/or (ii) an established commercialization infrastructure, including a strong local salesforce, a broad distributor network, and a long-standing relationship with commercial insurers, health maintenance organizations, and pharmacy benefit managers.

In addition to our selected pipeline discussed above, leveraging our strong discovery and R&D capability as well as our integrated R&D platform, we have developed multiple drug candidates in discovery and preclinical stage. To fully unleash the value of our comprehensive product pipeline, we will strategically seek out-licensing and other collaboration opportunities for certain drug candidates, such as IMM2518, a second-generation VEGF×PD-L1 bispecific molecule and IMM5601, a CD47×CD38 bispecific molecule, among others, all of which are in preclinical stage. In particular, when seeking potential partners, we expect to reach satisfactory commercial terms with those who possess strong resources and capabilities to advance the clinical development of our drug candidates efficiently. We may also consider strategic collaboration and co-development opportunities with companies that have complementary oncology portfolio with synergistic potential to combine with our drug candidates. We intend to identify and collaborate with the most suitable and resourceful partners, and leverage the complementary capabilities and differentiated expertise of such business partners to maximize the clinical and commercial value of

our drug candidates. Furthermore, to maximize the value of our pipeline, we will carefully assess licensing and other collaboration arrangements in the context of our overall development strategy to prevent potential competition among our drug candidates in the same regions or for the same indications.

To continuously enrich our innovative pipeline through fundamental biological research and translational medicine

The development of innovative cancer therapies requires pioneering foresight in target selection and validation. Leveraging our profound expertise in immunotherapies, we are able to strategically select the targets and effectively design and screen our molecules with a sound scientific rationale and strong validation in preclinical studies. To address the limitations of current immunotherapies, we have established our in-house drug discovery and design capabilities with integrated R&D platform. We believe our comprehensive knowledge in tumor biology and immunology and strong R&D capabilities and technologies serve as the driving force that propels our steady efforts to validate novel targets, improve molecule design and ultimately deliver innovative medicine with clinical potential.

We are determined to continue enriching our pipeline by actively exploring new immuno-oncology mechanisms and translating fundamental biological research into promising drug candidates. We have adopted a systematic approach to research and validate the mechanism of action of novel targets and pathways, assess their clinical significance and global competitive landscape, and screen, develop and design molecules with the best-suited structure and properties, to address unmet medical needs globally. With our methodical approach and integrated R&D platform, we are currently developing multiple therapeutic monoclonal antibodies, including IMM47, IMM40H, and discovery- and preclinical-stage candidates for several new targets, which are targets with no approved drugs in anywhere of the world. Around CD24, validated by us as another promising innate immune checkpoint, we have developed one IND-enabling-stage and multiple discovery- and preclinical-stage candidates which exhibit global first-in-class potential. We have also been actively exploring prospects of other innovative immune checkpoints, such as IL-8, NKG2A and PSGL-1. We will continue to single out and evaluate other promising innate immune checkpoints and enrich our pipeline with novel therapies. We are committed to identifying and validating promising immuno-oncology targets, as well as screening and advancing innovative molecules with the optimum structure for each target. If a novel pathway or target is identified as having combinatorial potential with our drug candidates, we may further explore such potential by building up combination therapies or bispecific molecules.

We will continue to invest in our translational medicine research capabilities to expedite our bench-to-bedside process, which we believe would put us at the forefront of the race to market. Meanwhile, we plan to conduct all-encompassing patient sub-group analyses to identify biomarkers that are predictive of the efficacy of our drug candidates. The biomarkers may assist in identifying patients who will benefit the most from the treatment. The expression level of a common biomarker may signal the effectiveness of our approach across a range of tumor indications. In this way, we would be able to present more precise treatment to a wider group of patients.

To upscale our GMP-compliant manufacturing capacity

We believe a self-sufficient manufacturing capability will grant us many strategic advantages, including improved cost-effectiveness, enhanced quality control, and flexibility in supply chain management. Those advantages are critical for us to grow into the integrated biopharmaceutical company that we envision. Our current pilot production line with the scale of 450L enables us to produce high-quality drugs used in clinical trials in-house for certain drug candidates. We intend to strategically expand our GMP-compliant manufacturing capacity, while improving efficiency and cost-effectiveness. We have already commenced the construction of our new manufacturing facility that occupies a site area of approximately 28.7 thousand square meters in Zhangjiang Science City,

Shanghai. This facility is designed to meet the stringent cGMP standards. We plan to complete the first stage of construction by 2025, which will support clinical and commercial production of our pipeline products. Prior to completion of the construction, we will collaborate with CDMOs and utilize our in-house pilot manufacturing facilities to manufacture our drug candidates for preclinical studies and clinical trials. We will commence the second stage of construction, depending on the schedule of the regulatory approval and sales ramp-up of our drug portfolio in the future.

To enlarge our talent pool to support our continuous growth

We place a high priority on selecting and retaining top talents. To fully support our growth, we will continue to recruit industry-leading R&D, clinical development, and commercialization professionals. We are committed to providing our employees with robust career development and learning opportunities, mentorship from our industry veterans, clear career trajectories, competitive compensation, and a close-knit and supportive work environment.

With more of our drug candidates advancing into the clinical stage, in the near term we will strengthen our clinical development team by attracting talents with extensive experience both in China and globally, to support clinical development and regulatory affairs in our target markets. We believe that, under the guidance of our seasoned and capable clinical development management team, our new team members can make a significant contribution to our clinical development progress. We also plan to expand our translational medicine team acting as an engine to support our continuous innovative drug development by recruiting talented personnel with interdisciplinary backgrounds.

In the longer term, to facilitate our transformation from a biotechnology company to a biopharmaceutical company, we intend to establish a team of dedicated in-house sales staff to execute our commercialization strategy and seek commercialization partnerships with other pharmaceutical industry players. We also plan to build a team of pharmaco-economics experts to develop our competitive pricing strategy, with an aim to facilitate the inclusion of our products into the National Reimbursement Drug List (NRDL) in China as well as the commercial insurance catalogue in the overseas markets. To unleash the market potential of IMM01, we will actively prepare and participate in the price negotiation with the regulators for its inclusion in the NRDL in China, upon obtaining marketing approval. We will also seek its inclusion in commercial insurance catalogue overseas through potential commercialization partners in the global market to further increase its accessibility.

OUR DRUG CANDIDATES

As a science-driven innovative biotechnology company, we have internally developed all of our pipeline candidates by utilizing our proprietary and integrated R&D platforms. Differentiated from companies that are focused primarily on the development of immunotherapies targeting adaptive immune checkpoints, mostly T-cell-based therapeutics, we constructed our pipeline to harness both innate and adaptive arms of immunity to unleash their synergistic potential. Our pipeline is designed to address the limitations of current T-cell-based immunotherapies, such as limited response due to "cold tumors" or non-T cell-inflamed immune-suppressive TME, thereby bringing clinical benefits to patients with a wide range of cancer indications. As of the Latest Practicable Date, we had built up a robust innovative pipeline composed of over ten drug candidates targeting critical innate and adaptive immune pathways, with eight ongoing clinical programs. We own worldwide IP and commercial rights to our pipeline candidates, which allows us to address critical medical needs in the global market.

As of the Latest Practicable Date, we had eight ongoing clinical programs in China and/or the U.S., four IND-stage and one IND-enabling-stage programs, and multiple discovery and preclinical-stage assets. The following chart summarizes the development status of our selected drug candidates as of the Latest Practicable Date:

	Program	Target (Modality)	Indication(s)	Discovery	Preclinical	IND/IND-Enabling	Phase Ia/I	Phase Ib/II	Phase III/Pivotal	Current Status / Upcoming Milestone[1]	Commercial Rights
Innate Immunity	**IMM01** ★	CD47 (SIRPα-Fc fusion protein)									
	IMM01 + Azacitidine		MDS, AML, CMML[2]				China (NMPA)			Phase Ib/II commenced in January 2022; expect to initiate pivotal trial in Q4 2023	Global
	IMM01 + Tislelizumab	CD47+PD-1	cHL, Solid tumor				China (NMPA)			Phase Ib/II commenced in May 2022; expect to initiate pivotal trial in Q3 2024[3]	Global
	IMM01 + Inetetamab	CD47+HER2	HER2-positive solid tumors				China (NMPA)[4]			Phase Ib/II IND approved	Global
	IMM01 + Bortezomib + Dexamethasonum	CD47	MM				China (NMPA)			Phase Ib/IIa IND approved	Global
	IMM0306 ▲ Monotherapy	CD47xCD20 (Bispecific)	Indolent B-NHL				China (NMPA), US (FDA)			Phase IIa commenced in March 2023 in China; IND approved in the U.S.	Global
	IMM0306 + Lenalidomide	CD47xCD20 (Bispecific)	B-NHL				China (NMPA)			Phase Ib/IIa IND approved	Global
	IMM2902 ▲	CD47xHER2 (Bispecific)	HER2-positive and low-expressing solid tumors				China (NMPA), US (FDA)			Phase I commenced in February 2022 in China and in June 2022 in the U.S.; expect to largely complete Phase Ia trials in China and the U.S. in 2023	Global
	IMM2520 ▲	CD47xPD-L1 (Bispecific)	Solid tumors				China (NMPA), US (FDA)			IND approved in China and the U.S. in Q4 2022; Phase I commenced in China in March 2023	Global
	IMM47	CD24 (mAb)	Solid tumors				China (NMPA), US (FDA)			IND-enabling; expect to enter into clinical trials in mid-2023	Global
	IMM4701	CD47xCD24 (Bispecific)	Solid tumors							CMC	Global
	IMM2547[5]	CD24xPD-L1 (Bispecific)	Solid tumors							Discovery	Global
	IMM51[5]	IL-8 (mAb)	Solid tumors							Preclinical	Global
	IMM38[5]	Undisclosed	Solid tumors							Preclinical	Global
	IMM50[5]	Undisclosed	Solid tumors							Discovery	Global
	IMM62[5]	Undisclosed	Solid tumors							Discovery	Global
Adaptive Immunity	**IMM2510**	VEGFxPD-L1 (Bispecific)	Solid tumors				China (NMPA)			Phase I commenced in August 2021 and 8th cohort ongoing in China; expect to complete Phase I in mid-2023	Global
	IMM27M	CTLA-4 ADCC+ (mAb)	Solid tumors				China (NMPA)			Phase I commenced in June 2022 in China; expect to complete in mid-2023; IND approved in China for Phase Ib/II trial for its combination with a PD-1 antibody[6]	Global
	IMM40H	CD70 (mAb)	Liquid/Solid tumors				China (NMPA), US (FDA)			IND approved in China and the U.S. in August 2022	Global

★ Core Product ▲ Key Product

Innate Immunity Targets | Innate and Adaptive Immunity Targets | Adaptive Immunity Targets

Notes:

(1) Expected completion date for Phase Ia/I trial refers to the time when RP2D can be determined, and expected completion date for Phase Ib/II trial refers to the time when top-line data is available for regulatory discussions. Follow-up period required would not delay the initiation of the next phase clinical trials, and is thus not considered.

(2) The cohort-expansion trials of this combination are mainly designed to target the first-line treatment of higher-risk MDS (patients who fall into higher-risk group categories in the original or revised International Prognostic Scoring System), unfit AML (individuals of older age with AML who are considered not eligible for intensive treatment approaches), and CMML. Particularly, we plan to seek an accelerated marketing approval through relatively small sample size studies targeting the first-line treatment of CMML, a rare type of disease with highly unmet medical needs.

(3) In July 2022, we obtained the NMPA's consent for adding R/R cHL as an additional expansion cohort into the ongoing combination trial of IMM01 and tislelizumab. We dosed the first patient with R/R cHL in China in January 2023.

*(4) The clinical trial is led and funded by Sunshine Guojian Pharmaceutical (Shanghai) Co., Ltd. ("**Sunshine Guojian**"). As denoted by the dotted line, Sunshine Guojian and us have obtained an IND approval for a Phase Ib/II trial of this combination therapy from the NMPA in August 2021, and therefore the parties can skip the Phase Ia stage and directly initiate a Phase Ib/II trial.*

(5) We will continue to conduct preclinical studies for IMM2547, IMM51, IMM38, IMM50 and IMM62, including cell line development, in vivo studies and further evaluation.

(6) We are currently conducting the Phase I trial for IMM27M monotherapy, and have obtained the IND approval for a Phase Ib/II trial for its combination with a PD-1 antibody.

* *Currently we have several other drug candidates in preclinical stage and plan to further develop these candidates through collaboration, such as IMM2518, a second-generation VEGF×PD-L1 bispecific molecule and IMM5601, a CD47×CD38 bispecific molecule.*

Abbreviations: MDS refers to myelodysplastic syndrome; AML refers to acute myeloid leukemia; CMML refers to chronic myelomonocytic leukemia; MM refers to multiple myeloma; B-NHL refers to B-cell non-Hodgkin lymphoma; cHL refers to classical Hodgkin lymphoma; IND refers to investigational new drug; CMC refers to chemistry, manufacturing, and controls; ADCC refers to antibody-dependent cellular cytotoxicity.

Source: Company Data

Our drug candidates are subject to BLA approval by relevant authorities, such as the NMPA in China and the FDA in the U.S., before commercialization in relevant jurisdictions. As of the Latest Practicable Date, we had not received any material concerns, objections or negative statements raised by the NMPA, the FDA or other relevant authorities that we are not able to address in a timely manner. We believe we are on track to advance the development of our discovery- and preclinical-stage as well as clinical-stage drug candidates as described in "— Our Drug Candidates."

OUR INNATE IMMUNE CHECKPOINT-TARGETED DRUG CANDIDATES

To overcome the limitations of T-cell-based immunotherapies, we have strategically designed and built a portfolio consisting of four clinical-stage, one IND-enabling-stage and multiple discovery- and preclinical-stage drug candidates targeting innate immune checkpoints. This portfolio includes: (i) a CD47-targeted fusion protein, IMM01 (SIRPα-Fc), being or to be evaluated in combination with each of azacitidine, tislelizumab (PD-1 mAb), inetetamab (HER2 mAb) and bortezomib/dexamethasonum for the treatment of hematologic and solid tumors, (ii) three CD47-based clinical-stage mAb-Trap bispecific molecules with the ability to achieve enhanced tumor-killing effects via ADCP and ADCC activated through IgG1 Fc effector function, namely IMM0306 (CD47×CD20), IMM2902 (CD47×HER2), and IMM2520 (CD47×PD-L1), as well as multiple preclinical-stage CD47-based bispecific molecules, including IMM4701 (CD47×CD24), (iii) one IND-enabling-stage humanized CD24-targeted monoclonal antibody, IMM47 (CD24 mAb), and several CD24-targeted discovery- and preclinical-stage bispecific molecules, including IMM4701 (CD24×CD47) and IMM2547 (CD24×PD-L1), and (iv) various discovery- and preclinical-stage drug candidates targeting other novel innate immune targets, including IL-8, NKG2A and PSGL-1.

Our Approach

The immuno-oncology therapies present huge clinical and commercial potential. According to Frost & Sullivan, the global immuno-oncology drug market is expected to represent 50.6% of the overall global oncology drug market in 2030. Currently, approved immunotherapies primarily target T-cell immune checkpoints, such as PD-1/PD-L1, CTLA-4, and LAG-3. T-cell immune checkpoint inhibitors have revolutionized the treatment paradigm for many cancer indications in the past decade. However, only about 10% to 25% of patients across almost all major cancer types can benefit from PD-1/PD-L1 monotherapy treatment. The low response rates could be due to lack of T-cell infiltration in "cold tumors," or non-T cell-inflamed immune suppressive TME.

In response to this challenge, we have developed and built a deep portfolio of drug candidates targeting innate immune checkpoints. Major types of innate immune cells (macrophages, NK cells and DCs) widely exist in almost all types of body tissues, including lung, esophagus, stomach, liver, small and large intestines, and serve as the first line of defense against tumor cells. Macrophages, in particular, are widely distributed in a broad range of tumor types, accounting for 20% to 50% of cells in respective tumor tissues, higher than T cells' 10% to 30% tissue distribution. Upon activation, macrophages can ingest other cells and pathogens, including phagocytotic activity against tumor cells. Activated macrophages can release a slew of cytokines and chemokines, such as CXCL9 and CXCL10, to recruit T cells to tumor sites, effectively turning immune-suppressive "cold tumors" into immune-sensitive "hot tumors." They can also present tumor-associated antigens to T cells and elicit tumor-specific adaptive immune responses. Activated NK cells can mediate ADCC against tumor cells and promote T-cell differentiation, thus

further enhancing T cell responses. DCs can also attract T cells into the TME and activate T-cells through antigen presentation. The following table sets forth an overview and comparison of the key adaptive and innate immune cells in the TME:

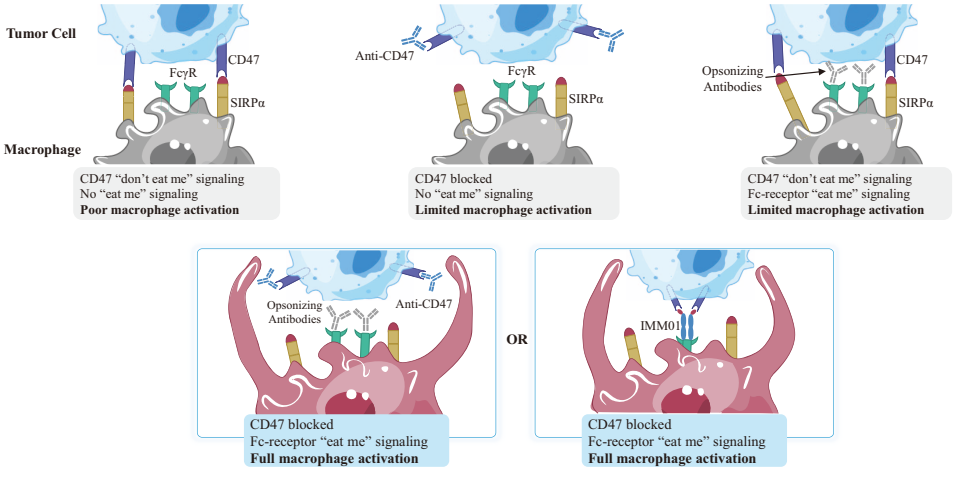
	Adaptive Immunity		Innate Immunity		
Activation Process	Antigen priming required		First line of defense, short response time, no need for antigen priming		
Key Immune Cell Type	T cell	B cell	Macrophage	NK cell	DC
Tumor Tissue Distribution(1)	10-30%	3%-40%	20-50%	5%-10%	3%-10%
Major Immune Functions	• T-cell mediated killing of tumor cell via exocytosis of cytotoxic granules (perforin, granzymes) and secretion of antitumor cytokines	• Antibody production • Cytokine secretion	• Macrophage-mediated phagocytosis • Attracting T cells to the tumor microenvironment (TME) • Antigen presentation • Trogocytosis	• NK cell-mediated cytolysis via the secretion of perforin and granzymes • Activating of T cells, macrophages and DCs through release of cytokines	• Attracting T cells to the TME • Antigen presentation

Note: The tumor tissue distribution is the proportion of certain immune cells in different tumor tissues.
Source: Frost & Sullivan

CD47 has been recognized as a critical macrophage checkpoint that plays a broad role in cancer immune evasion across multiple cancer types. CD47 interacts with SIRPα, an inhibitory receptor expressed on macrophages. By binding to SIPRα, CD47 conveys a "don't eat me" signal to inhibit macrophage-mediated tumor phagocytosis. Upregulating CD47 is a primary mechanism by which tumor cells evade attack by the innate immune systems. High CD47 expression is often correlated with aggressive disease and poor outcomes in a wide range of hematologic and solid tumors. Blocking the CD47-SIPRα axis has been validated in various clinical studies as an effective approach for the development of immunotherapeutics. Supported by mounting clinical evidence, this therapeutic strategy has shown a great potential to treat both hematologic and solid tumors, including lymphoma, MDS, AML, GC, HNSCC and SCLC.

However, research has revealed that to fully activate macrophages, blocking the "don't eat me" signal of CD47-SIPRα axis alone is not enough. Therapeutic agents, either as monotherapy or in combination therapy, must also deliver an activating "eat me" signal to macrophages via Fc-FcγR engagement or other costimulatory pathways. The following diagram illustrates the mechanism of full macrophage activation through both CD47 blockade and the activation of an "eat me" signal:

Dual Mechanisms of Macrophage Activation



Source: Frost & Sullivan, Literature Review

Driven by our understanding of and deep insights into cancer immunology, we have designed and developed IMM01, a SIRPα-Fc fusion protein with an IgG1-Fc region. Unlike IgG4 Fc adopted by most CD47 antibodies, IgG1 Fc used in IMM01 is able to elicit strong ADCP activity mediated by macrophages through efficient engagement with Fcγ receptors. IMM01 can thus exert a dual mechanism to simultaneously (i) block the CD47-SIRPα "don't eat me" pathway, and (ii) activate the "eat me" signal via Fc-FcγR engagement. Given the potent efficacy and favorable safety attributable to its unique molecule design, we have been exploring IMM01's combination potential with other cancer agents, and have designed multiple bispecific molecules that incorporate the engineered CD47-binding domain of IMM01 with an IgG1 Fc.

IMM01 (SIRPα-Fc Fusion Protein) — Our Core Product

IMM01 is a next-generation CD47-targeted molecule that displays favorable safety and encouraging efficacy in clinical studies. IMM01's favorable safety profile demonstrated in clinical trials is attributable to its specifically-engineered CD47-binding domain of human SIRPα, which does not bind to human RBCs. In terms of efficacy, IMM01 designed with IgG1 Fc can fully activate macrophages by delivering the additionally required "eat me" signal, and induce ADCC by activating NK cells. As a result, IMM01 can lead to all-around innate and adaptive immune responses, demonstrated by its encouraging single-agent efficacy even at a relatively low dose. Thus, we are able to establish the RP2D for IMM01 monotherapy at 2.0 mg/kg, much lower than most CD47 antibodies (typically in the range of 30.0 to 45.0 mg/kg). A lower effective dose of IMM01 allows for a better safety profile. With encouraging efficacy and favorable safety in monotherapy clinical trials and robust preclinical data of its combination studies, IMM01 is expected to achieve strong synergistic effects used in combination with other cancer agents.

IMM01 is being developed for the treatment of various hematologic malignancies and solid tumors in combination with other agents. We own the global IP and commercial rights of IMM01. As of the Latest Practicable Date, with respect to IMM01, we owned one patent family, which includes one issued patent in China, one issued patent and two pending patent applications in the U.S., one issued patent in Japan, one allowed EU patent application and one PCT patent application which has entered national phases.

Our founder, Dr. Wenzhi Tian, started to explore the therapeutic potential of CD47-targeted strategy in oncology as early as 2010, long before it became widely recognized in the biopharmaceutical industry. Leveraging the fundamental insights into CD47, we started our development efforts on IMM01 since our inception in 2015, which later became the first CD47-targeted SIRPα-Fc fusion protein to enter into clinical stage in China. We (i) have completed the Phase I dose-escalation study of IMM01 in R/R lymphoma patients, (ii) have completed a Phase Ib trial to evaluate IMM01 in combination with azacitidine for the treatment of R/R MDS and R/R AML, and initiated a Phase II trial mainly for the first-line treatment of HR MDS, unfit AML and CMML in June 2022, and (iii) initiated a Phase Ib clinical trial for the combination of IMM01 and tislelizumab in May 2022 for the treatment of various advanced solid tumors that failed to respond to or relapsed from the standard of care such as PD-1/PD-L1 inhibitors, including among others, NSCLC, SCLC, HNSCC and CRC, and initiated the Phase II trial in December 2022. Furthermore, we are collaborating with Sunshine Guojian to develop a combination therapy of inetetamab and IMM01 for HER2-positive solid tumors in mainland China, for which Sunshine Guojian will drive and fund the clinical development. We are also actively conducting numerous preclinical studies to evaluate the combination potential of IMM01 with other drugs.

Clinical data available thus far showed favorable safety and promising preliminary efficacy of IMM01 as a single agent. According to the safety data from the Phase I dose-escalation study, IMM01 was well tolerated and safe up to the RP2D of 2.0 mg/kg in patients and demonstrated no hemagglutination. As of February 10, 2023, neither hemagglutination nor hemolytic anemia had been observed in its Phase II clinical trial. In terms of efficacy, as of December 14, 2022, among 27 evaluable patients in the Phase I monotherapy clinical study, two patients reached CR (2 CRs), one reached PR (1 PR), and 13 reached stable disease (13 SDs) (including six cases with

substantial tumor shrinkage observed). According to Frost & Sullivan, among numerous drug developers of CD47-targeted molecules globally, we are one of the only two companies to have observed CR in monotherapy clinical trials with a well tolerated safety profile.

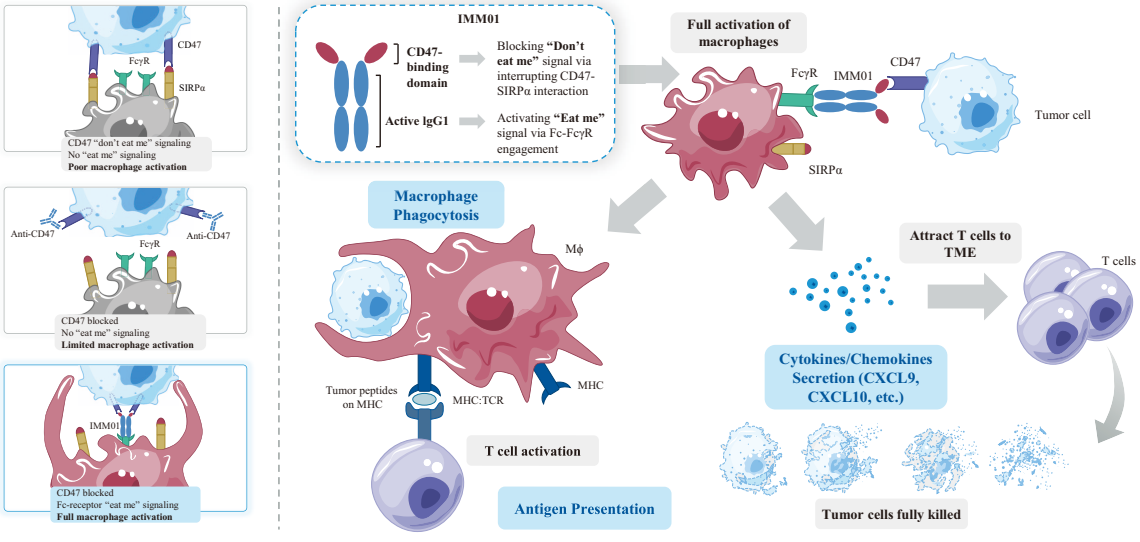
Mechanism of Action

Macrophages are a type of white blood cells that can phagocytose antigens. They are part of the innate immune system that acts as the first line of defense to protect the body from infection. Macrophages are widely distributed in numerous solid tumors with significantly higher tissue penetration than T cells. CD47 is a critical macrophage checkpoint that can transmit a "don't eat me" signal to macrophages by interacting with SIRPα. Thus, the overexpression of CD47 enables tumor cells to evade immune responses via the CD47-SIRPα immune inhibitory pathway.

IMM01 is a SIRPα-Fc fusion protein that consists of an engineered extracellular CD47-binding domain of human SIRPα, linked to the Fc region of human IgG1. IMM01 is designed to fully activate macrophages through a dual mechanism. On one hand, the engineered CD47-binding domain of IMM01 can selectively bind to CD47 overexpressed on tumor cells and prevent CD47 from delivering the "don't eat me" signal to macrophages. This specifically modified CD47-binding domain can avoid binding to human RBCs *in vitro*. The binding specificity of IMM01 minimizes its blood toxicity and allows for a favorable safety with the ability to potently activate macrophages. On the other hand, the engineered human IgG1 Fc of IMM01 can engage Fc receptors on macrophages to deliver a strong "eat me" signal that is essential to full macrophage activation. In addition to direct tumor killing activities, activated macrophages also release a slew of cytokines and chemokines, such as CXCL9 and CXCL10, that can attract and recruit T cells into the TME. Increased T-cell infiltration in solid tumors can turn the non-immune responsive "cold tumors" to immune-sensitive "hot tumors." The activity of macrophages can further increase antigen presentation to T cells, thus leading to enhanced tumor-specific T-cell response. Additionally, the engineered IgG1 Fc can induce ADCC mediated by NK cells, leading to direct tumor-killing effects. Overall, the activation of macrophages and NK cells and their crosstalk with T cells empower all-around immune responses.

The following diagram illustrates the mechanism of action of IMM01:

Mechanism of Action of IMM01



Definition: MHC refers to major histocompatibility complex.
Source: Frost & Sullivan, Company Data, Literature Review

Market Opportunities and Competition

The current approved immunotherapies primarily target T-cell immune checkpoints, including PD-1/PD-L1, CTLA-4 and LAG-3. However, the overall response rates of these T-cell immune checkpoint inhibitors are limited in many major types of cancer. As summarized in the table below, only about 10% to 25% of patients across almost all major cancer types respond to PD-1/PD-L1 inhibitor monotherapy.

Tumor Response Rates to PD-1/PD-L1 Inhibitor Monotherapy

	NSCLC	SCLC	CRC	GC	HNSCC	HCC	ESCC	BTC	RCC	OC	CC	UC	STS	DLBCL
PD-1	19-20%	12-19%	<10%	13-14%	13-16%	16-17%	19-20%	3-22%	22%	8-15%	14%	20-29%	5-18%	45%
PD-L1	14%	2-10%						5%		10%		13-24%		

Notes: (1) The response rates are based on the latest label from FDA and NMPA except for CRC, GC, SCLC, OC, BTC and STS, which are based on the published clinical results. (2) Only monotherapy clinical results are listed. (3) Results of adjuvant therapy are excluded. Results may vary from different cancer sub-types or clinical trials. (4) The clinical results listed are from general cancer population regardless of PD-L1 expression, except for the ORR of CC, which is restricted in PD-L1 positive population (combined positive score (CPS)≥1).

Definitions: NSCLC refers to non-small cell lung cancer; SCLC refers to small cell lung cancer; CRC refers to colorectal cancer; GC refers to gastric cancer; HNSCC refers to head and neck squamous cell carcinoma; HCC refers to hepatocellular carcinoma; ESCC refers to esophageal squamous cell carcinoma; BTC refers to biliary tract cancer; RCC refers to renal cell carcinoma; OC refers to ovarian cancer; CC refers to cervical cancer; UC refers to urothelial carcinoma; STS refers to soft-tissue sarcomas; DLBCL refers to diffuse large B-cell lymphoma.

Source: Frost & Sullivan

In recent years, mounting research highlights the potential to deploy innate immunity-targeted strategies to overcome the limitations of using only T-cell immunotherapies in cancer treatment. According to Frost & Sullivan, there is significant market potential worldwide and in China for CD47/SIRPα-targeted therapies. The global market size of CD47/SIRPα-targeted therapies is expected to reach US$13.1 billion and US$33.7 billion in 2030 and 2035, respectively. The prospect promised by this new therapy was also validated by several multi-billion dollar take-over transactions of CD47 focused biotechnology companies as well as licensing deals for CD47-targeted agents backed by leading multinational pharmaceutical companies, including Gilead, Pfizer and AbbVie.

We believe CD47-targeted agents in combination with other agents have significant opportunities to fulfill the unmet medical needs of numerous hematologic malignancies and solid tumors in China and worldwide. We are developing the combination of IMM01 and azacitidine for the first-line treatment of HR MDS, unfit AML and CMML. The combination of IMM01 and tislelizumab is being developed for the second-line treatment of NSCLC, SCLC, HNSCC, CRC and other solid tumors, as well as the third-line treatment of cHL. We will also consider moving our current treatment into front-line settings in a stepwise manner at a later stage when promising clinical efficacy has been validated. In addition, the combination of IMM01 and inetetamab is intended to be used in the second- and third-line treatments of HER2 positive solid tumors. According to Frost & Sullivan, the relapse rates of the first-line treatments of advanced NSCLC, SCLC, HNSCC and CRC are approximately 75%, 100%, 50% and 80%, and the overall relapse rate post second-line treatment for advanced cHL is roughly 10%. For patients with advanced HER2 positive solid tumors, almost all of them are expected to relapse after the first-line treatment and proceed to second- and third-line of treatments. Please refer to "Industry Overview — Selected Indications Analysis" for more details on the incidence and prevalence of indications targeted by IMM01 in China and oversea markets.

Hematologic malignancies

CD47 overexpression is widely observed in many hematologic malignancies, including lymphoma, MDS/CMML and AML. It is found to correlate with poor prognosis and reduced overall survival (OS). Over 80% of lymphomas are classified as NHL. The current medical treatments for NHL generally include chemotherapy and targeted therapy. However, approximately 50% of NHL patients will eventually progress to R/R NHL after first-line treatments. Due to the drug resistance and side effects associated with standard treatments, patients with R/R diseases are left with very limited effective treatment options. For classical Hodgkin lymphoma (cHL), PD-1/PD-L1 inhibitors alone or in combination with chemotherapy are mainly recommended. Despite the fact that PD-1/PD-L1 inhibitors have shown good efficacy in R/R cHL, patients who had relapsed or progressed after PD-1/PD-L1 inhibitors are left with very limited treatment options. Additionally, the first-line treatments for MDS/CMML and AML are generally limited to chemotherapy, presenting unmet needs of most patients for highly specific treatment. Please refer to "Industry Overview" for more details on the incidence, treatment paradigm and unmet medical needs for NHL, MDS/CMML and AML. In recent years, the therapeutic potential of CD47-targeted agents in lymphoma, MDS/CMML and AML has been validated by accumulating clinical data. For example, in clinical trials, Gilead's magrolimab in combination with azacitidine has delivered an ORR of 75% and 73% in the first-line treatment of MDS and AML, respectively. However, since both azacitidine and CD47 antibodies also induce blood toxicity, the combination use of these two agents could induce further exacerbated blood toxicity and ultimately lead to serious safety issues. Given its advantages in single-agent efficacy and safety compared to CD47 antibodies, IMM01, when used in combination with azacitidine, has a high potential to fulfill the unmet medical needs of patients with MDS/CMML and AML.

Solid tumors

So far, PD-1/PD-L1 inhibitors have been approved for the treatment of a broad range of cancers worldwide. However, their monotherapy only produces meaningful responses in 10% to 25% patients across almost all major cancer types. The response rates could be particularly low in "cold tumors" with insufficient T-cell infiltration. Moreover, survival benefits of current combination therapies based on PD-1/PD-L1 inhibitors are also limited in many cancer types. For extensive-stage SCLC, metastatic HNSCC and metastatic ESCC, PD-1/PD-L1 inhibitor-based combination therapies only provide an approximately two- to three-month improvement in median overall survival (mOS) compared with chemotherapy alone. Relatively short median progression-free survival (mPFS) is observed with the treatment of PD-1/PD-L1 inhibitor-based combinations in many solid tumors, including metastatic GC (7.7 months), metastatic CRC (8.9 to 10.6 months in the first-line treatment), HCC (4 months), ESCC (6.3 months) and NSCLC (6.4 to 8.8 months in the first-line treatment). Given these limitations of PD-1/PD-L1 inhibitors, there is a clear need for other effective treatment options to improve treatment outcomes for patients. Please refer to "Industry Overview" for more details on the incidence, treatment paradigm and unmet medical needs for the solid tumors.

Our research suggests that IMM01 acts synergistically with PD-1/PD-L1 inhibitors and enhance their activity in solid tumors. Macrophages are widely distributed in a broad range of tumor types, accounting for 20% to 50% of cells in respective tumor tissues, including NSCLC, SCLC, GC, BC, HNSCC, HCC, ESCC, BTC, and OC. As described in the "— Mechanism of Action," IMM01 can fully activate macrophages to promote the T cell immune response, which could potentially enhance the response rates of solid tumors to PD-1/PD-L1 treatments. Thus, combining IMM01 with tislelizumab may be an effective therapeutic approach for treating cold tumors with limited sensitivity to PD-1/PD-L1 inhibition. In our Phase Ib trial evaluating the combination of IMM01 and tislelizumab, a heavily pre-treated NSCLC patient with six lines of prior treatment and refractory to PD-1 inhibitors achieved PR after three cycles of treatment with target lesion shrinkage of 40%.

Competitive landscape

As of the Latest Practicable Date, there were no CD47-targeted therapies approved for marketing in China or the rest of the world. IMM01 is the first SIRPα-Fc fusion protein targeting CD47 to enter into clinical stage in China.

Safety issues have been the primary concern regarding CD47-targeted agents, especially CD47 antibodies. For CD47 antibodies, their inevitable binding with human RBCs and platelets (which ubiquitously express CD47) can lead to severe blood toxicity, such as anemia, thrombocytopenia and hemagglutination. A number of clinical-stage CD47 antibodies have shown RBC binding activity, resulting in severe adverse effects. Gilead's magrolimab (CD47 mAb) is a recent example. The FDA temporarily placed a partial clinical suspension on trials evaluating magrolimab in MDS, AML, MM and DLBCL in early 2022 due to an apparent imbalance in investigator-reported SUSAR between study arms observed in trials in early 2022. All of those partial suspensions have been subsequently lifted, as the FDA determined that, following comprehensive review of the safety data from each trial, the clinical sponsor had satisfactorily addressed the deficiencies. The clinical trials of multiple other CD47 antibodies, including Bristol-Myers (Celgene)'s CC-90002 (CD47 mAb) and Surface Oncology's SRF231 (CD47 mAb), have also been suspended or partially suspended due to safety issues. As compared to CD47 antibodies, with an engineered CD47-binding domain, IMM01 does not bind to human RBCs *in vitro*. It also demonstrated a good safety and tolerability in patients in our Phase I/II clinical trial.

To address the safety concerns, almost all CD47 antibodies have resorted to Fc isotypes with weak Fcγ receptors engagements, such as IgG4 and IgG2. Although such design may reduce the risks of inducing macrophage phagocytosis against healthy blood cells, it leads to weakened immune responses against tumor cells, and thus none of the CD47 antibodies showed single-agent CR in clinical trials. Compared to those CD47 antibodies, IMM01 that incorporates an IgG1 Fc demonstrates enhanced immune effector function and can fully activate macrophages as a single agent. In our Phase I trial of IMM01 monotherapy, promising efficacy signals were observed, including two CRs (2 CRs), one PR (1 PR) and 13 SDs (including six cases with substantial tumor shrinkage observed).

According to Frost & Sullivan, among numerous drug developers of CD47-targeted molecules globally, we are one of the only two companies to have observed CR in monotherapy clinical trials with a well tolerated safety profile. The following table summarizes the information of major clinical-stage CD47-targeted molecules globally:

Competitive Landscape of CD47-targeted Drug Candidates

Drug Name	Company	Molecule	Fc isotype	RBC binding	1st in human	Monotherapy CR	Indication	Latest Stage
Hu5F9 (Magrolimab)	Forty Seven (Gilead)	mAb	IgG4	Yes	2014.8	No	AML, MDS, MM, NHL, HNSCC, TNBC, OC, CRC	Ph III (Suspension Lifted by FDA)
TTI-621	Trillium Therapeutics (Pfizer)	SIRPαFc	IgG1	No	2016.1	Yes	AML, MDS, MM, Lymphoma, Leiomyosarcoma, Solid Tumor	Ph II
TTI-622		SIRPαFc	IgG4	No	2018.5	Yes	AML, MM, Lymphoma, OC	Ph II
CC-90002	Celgene (BMS)	mAb	IgG4	Yes	2015.2	No	AML, MDS, MM, NHL, Solid tumor	Ph I (Partial Suspension by the Company)
SRF231	Surface Oncology	mAb	IgG4	Yes	2018.4	No	Advanced Solid Cancers, Hematologic Cancers	Ph I (Suspension by the Company)
ALX-148 (Evorpacept)	ALX Oncology	SIRPαFc	IgG1 Fc(Inert)	Yes	2017.1	No	AML, MDS, NHL, Solid Tumor	Ph II/III
SHR1603	HengRui 恒瑞	mAb	IgG4	Yes	2018.10	No	Advanced Malignancies, Lymphoma	Ph I (Suspension by the Company)
AO-176	Arch Oncology	mAb	IgG2	Minimal	2019.2	No	MM, GC, NSCLC, HNSCC, OC, Prostate Cancer, Endometrial Carcinoma	Ph I/II (Suspension by the Company)
IBI188 (Letaplimab)	Innovent 信达生物	mAb	IgG4	Yes	2018.11	No	AML, MDS, Lymphoma, Solid Tumor	Ph Ib/III (Partial Suspension by the Company)
TJC4 (Lemzoparlimab)	I-Mab 天境生物 /AbbVie	mAb	IgG4	Minimal	2019.5	No	AML, MDS, MM, CD20 Positive Lymphoma, Advanced Solid Tumor	Ph III (Partial Suspension by the Company)
IMM01	ImmuneOnco 宜明昂科	SIRPαFc	IgG1	No	2019.9	Yes	MDS, AML, CMML, HL, NHL, Solid Tumor	Ph II
AK117	Akesobio 康方生物	mAb	IgG4	Minimal	2020.4	No	AML, MDS, Lymphoma, TNBC, HNSCC, NSCLC, SCLC, OC, CRC, HCC	Ph II

Notes: (1) Clinical data are extracted from official websites of relevant companies, reported clinical trials and published literature. (2) Despite a comparison is made here, the key results are not from head-to-head studies. (3) 1st in human refers to the first posted date of the first clinical trial. (4) The stage listed here is the latest clinical trial of the drug. (5) Partial suspension means not all clinical trials of this drug are suspended, such as monotherapy of CC-90002, which has been suspended but its combination therapy with rituximab has been completed. (6) For the drugs associated with two companies, the company in parenthesis is the acquirer. (7) The FDA has lifted all of the partial clinical hold placed on several trials evaluating magrolimab, as it determined that, following comprehensive review of the safety data from each trial, that the clinical sponsor had satisfactorily addressed the deficiencies. (8) As to the monotherapy CR column, "No" means that no CR was achieved in a completed or suspended clinical trial. (9) The dark-gray parts of the diagram indicate that trials are terminated.

Source: Frost & Sullivan, CDE, ClinicalTrials, Company Website, Literature Review

Given its good safety and promising single-agent efficacy, IMM01 could be a more favorable combination partner with many other cancer agents as compared to CD47 antibodies. When used in combination with IgG4 Fc antibodies, such as most PD-1 inhibitors, IMM01 with IgG1 Fc can fully activate macrophages to exert more potent antitumor effects than CD47 antibodies with IgG4 Fc.

Competitive Advantages

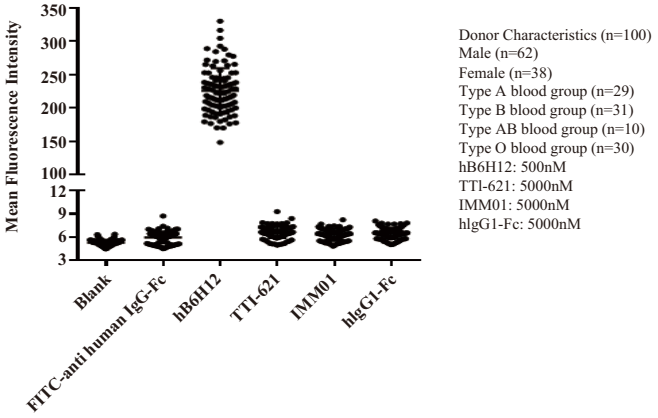
Attributable to its well-designed molecule structure, IMM01 monotherapy has the following competitive strengths:

(1) Favorable safety profile with no observed binding to human RBCs in vitro

Despite the clinical significance of CD47 as a potential backbone innate immune checkpoint, the therapeutic benefits brought by CD47-targeted agents are largely compromised due to their safety issues. The safety issues are mainly resulted from the ubiquitous expression of CD47 in blood cells, such as RBCs and platelets. Thus, treatment with CD47-targeted agents that bind to CD47 on blood cells may greatly reduce the number of circulating RBCs and platelets, leading to severe blood toxicity, such as anemia and thrombocytopenia. Binding with circulating blood cells with high affinity, CD47 antibodies will confront with "antigenic sink" (rapid drug clearance), thereby preventing the agents from reaching tumor tissues. Additionally, CD47 antibodies with IgG4 Fc cannot fully activate macrophages, thus requiring much higher drug dosing, inducing greater toxicity and inflicting a heavier economic burden on patients.

We specifically modified the CD47-binding domain of IMM01 to overcome these limitations. Since CD47 expressed on human RBCs and tumor cells has different glycosylation profiles, the engineered CD47-binding domain selectively binds to CD47 on tumor cells, while not binding to human RBCs *in vitro* without compromising its ability to potently activate macrophages. We assessed the binding affinity of IMM01 with normal cells and tumor cells in various *in vitro* binding assays and cross-reactivity tests. Results of our *in vitro* studies showed that IMM01 generally has much stronger binding affinity for tumor cells than normal tissue cells, and it does not bind with human RBCs *in vitro*. Further, deglycosylation modification to CD47-binding domain also mitigates the immunogenicity of IMM01 and improves its PK profile. The chart below illustrates that IMM01 does not bind to human RBCs *in vitro* as tested in human blood samples obtained from 100 donors with different blood types.

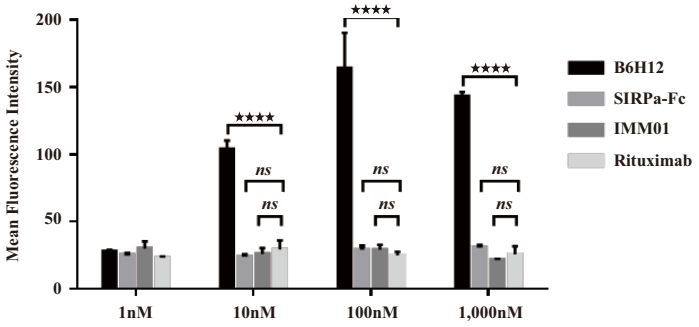
Human RBC Binding Analysis of IMM01



Note: B6H12 is a CD47-based antibody that serves as the control.
Source: Company Data

Furthermore, our preclinical studies revealed that IMM01 did not induce phagocytosis against human RBCs *in vitro* up to 1000 nM, as shown in the following bar chart:

Phagocytosis Against Human RBC



Note: B6H12 is a CD47-based antibody that serves as the control.
Source: Company Data

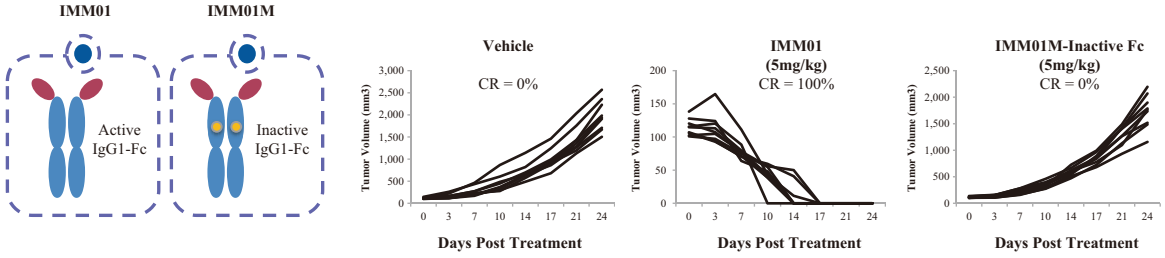
By selectively binding to tumor cells, IMM01 triggers tumor cell-specific phagocytosis by macrophages. In addition, the dual mechanisms of IMM01 enables it to exert antitumor activity at a relatively low dosage. IMM01 monotherapy and its combination therapies can achieve a promising efficacy profile at a lower dose of 2.0 mg/kg, as compared to the typical dose of 30.0 to 45.0 mg/kg required for CD47 antibodies.

The safety profile of IMM01 was further demonstrated in our clinical trials. Our Phase I dose-escalation trial demonstrated that IMM01 monotherapy was well tolerated and safe up to 2.0 mg/kg in patients with R/R lymphoma and showed no hemagglutination. As of February 10, 2023, neither hemagglutination nor hemolytic anemia had been observed in its Phase II clinical trial.

(2) Potent antitumor activity and encouraging preliminary clinical efficacy

As IMM01 shows no *in vitro* binding to human RBCs, it can adopt an IgG1 Fc that assists in full macrophage activation via Fc-FcγR engagement without serious safety concerns. The IgG1 Fc in IMM01 can fully activate macrophages, leading to enhanced ADCP and ADCC activity and strong immune responses. As demonstrated in the charts below, our *in vivo* efficacy studies showed that an active IgG1 Fc is imperative for the stimulation of antitumor activity, as IMM01M with an engineered mutant inactive IgG1 Fc has exhibited very limited efficacy as compared to IMM01.

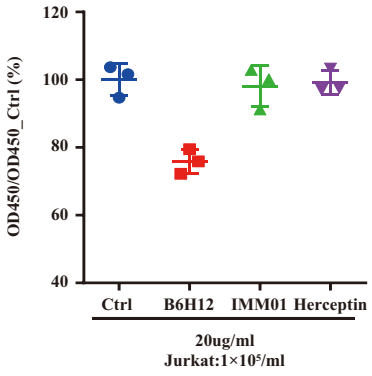
***In Vivo* Efficacy of IMM01 is Dependent on Effective Fc Function (HL-60 xenograft model)**



Note: IMM01M has an engineered mutant inactive IgG1 Fc.
Source: Company Data

In addition, we carefully designed the molecule of IMM01 to avoid triggering T-cell apoptosis. Research revealed that CD47 ligation by certain CD47 antibodies may induce T-cell apoptosis, resulting in T-cell toxicities and compromised T-cell immune response. As illustrated in the chart below, as compared to B6H12, a CD47 antibody, IMM01 does not induce T-cell apoptosis.

IMM01 Does Not Induce T cell Apoptosis

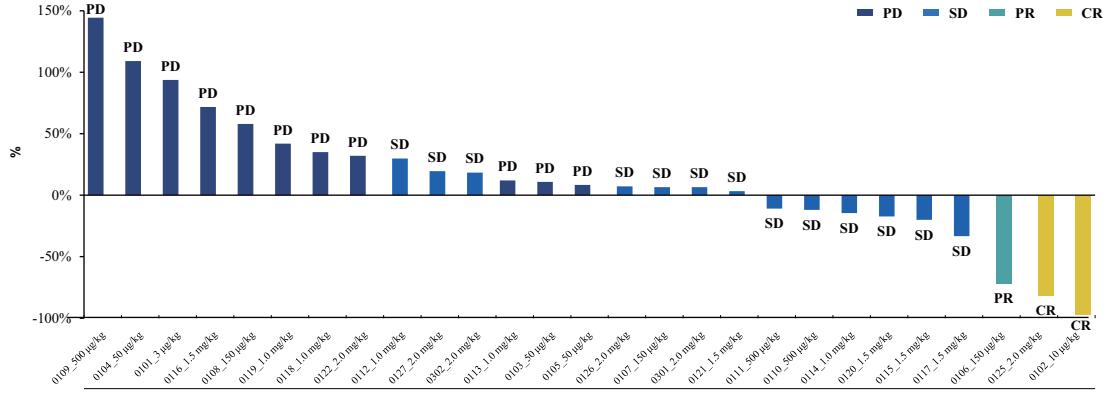


Note: (1) B6H12 is a CD47-based antibody that serves as the control. OD450/OD450 control measures the proportion of live T cells in the respective samples; (2) Three mice per group were used in this study; (3) The colors of graphics represent different groups using different drugs, drug candidates or molecules.

Source: Company Data

The advantages of molecule design of IMM01 has also translated into clinical benefits. In the Phase I dose-escalation study, IMM01 has demonstrated promising single-agent antitumor activities. Among 27 evaluable patients in the Phase I monotherapy clinical study, two CRs (2 CRs), one PR (1 PR) and 13 SDs (including six cases with substantial tumor shrinkage observed) were confirmed. Among the six patients at RP2D dose of 2.0 mg/kg, one reached complete response (1 CR), and four reached stable disease (4 SDs), with a DCR of 83% in these previously heavily pre-treated R/R lymphoma patients. Notably, according to Frost & Sullivan, among numerous drug developers of CD47-targeted molecules globally, we are one of the only two companies to have observed CR in monotherapy clinical trials with a well tolerated safety profile.

Best Overall Changes in Size of Target Tumor Lesions



Note: The colors of bars represent the best overall changes in size of target tumor lesions.

Source: Company Data, as of December 14, 2022

(3) Combination potential with a wide range of cancer therapeutics

The critical role of macrophages in the stimulation of innate immunity and the enhancement of T-cell response provide robust scientific rationale for the development of IMM01 in combination with other immune-mediated agents, given IMM01's dual mechanisms for full macrophage activation. Consistent with the scientific rationale, we have observed further enhanced antitumor activity when combining IMM01 with T-cell immunotherapies, including PD-1/PD-L1 inhibitors, other immunotherapies and targeted therapies in our preclinical studies. With encouraging efficacy and favorable safety in monotherapy clinical trials and robust preclinical data of its combination studies, IMM01 is expected to achieve strong synergistic effects used in combination with other cancer agents.

Combination with azacitidine

The combination of CD47 antibody and azacitidine has been well tested and validated in clinical trials. According to publicly disclosed clinical data, the combination of CD47 antibody and azacitidine was efficacious in treating MDS and AML patients. For example, in clinical trials, Gilead's magrolimab in combination with azacitidine has delivered an ORR of 75% and 73% in the first-line treatment of MDS and AML, respectively. However, when combining with azacitidine which itself can cause blood toxicity such as anemia and thrombocytopenia, CD47 antibodies used at a high dose level may induce combined and exacerbated severe blood toxicity and adverse events, as exemplified by the partial suspension of the trials evaluating magrolimab combined with azacitidine due to an imbalance in investigator-reported SUSAR between study arms, although those partial suspensions have been subsequently lifted, as the FDA determined that, following comprehensive review of the safety data from each trial, the clinical sponsor had satisfactorily addressed the deficiencies.

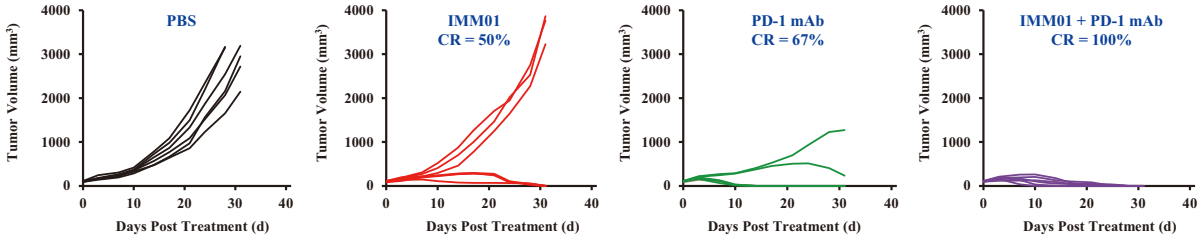
IMM01 has demonstrated a favorable safety profile when used in combination with azacitidine in our clinical trial. Upon completion of the Phase Ib trial, we initiated a Phase II trial to evaluate the safety and efficacy of IMM01 in combination with azacitidine mainly for the first-line treatment of HR MDS, unfit AML and CMML in June 2022. Interim data as of February 10, 2023 from the Phase Ib/II trial has demonstrated a favorable safety and promising efficacy profile. Neither DLT nor hemagglutination was observed among all 12 patients in the combination treatment at all three dose levels of 1.0 mg/kg, 1.5 mg/kg, and 2.0 mg/kg in our Phase Ib trial. This combination therapy has also shown promising efficacy signal at a low dose level (2.0 mg/kg), which is much less than the typical dose of 30.0 to 45.0 mg/kg required for CD47 antibodies. In our Phase II trial, as of February 10, 2023, (i) among the eight evaluable patients with 1L CMML, two reached CR (2 CRs), six reached mCR (6 mCRs), and one reached HI (1 HI, which also achieved mCR), resulting in an ORR of 100%, and (ii) among the 16 evaluable HR MDS patients who have received at least three cycles of treatment, three achieved CR (3 CRs), nine achieved mCR (9 mCRs), and seven achieved HI (7 HIs, among which 4 also achieved mCR), resulting in an ORR of 93.8%. With a much lower required dose, IMM01 can further reduce potential safety risks as observed with other CD47 antibodies.

Combination with tislelizumab

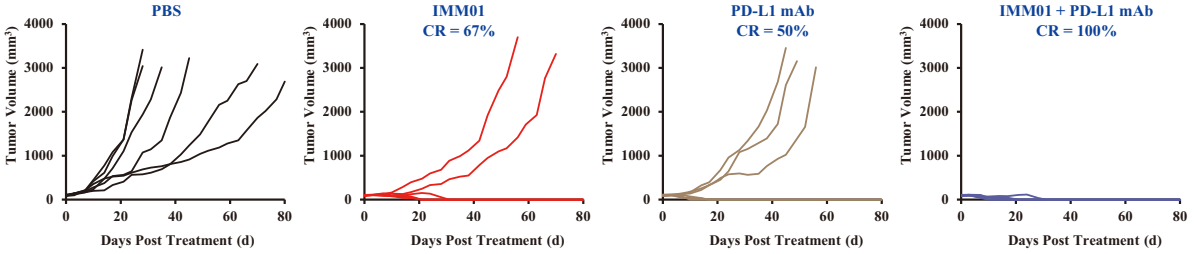
Despite their huge commercial success, PD-1/PD-L1 inhibitors can only reach response rates between 10% to 25% across almost all major cancer types as monotherapy, which are particularly low when targeting "cold tumors" that lack T-cell infiltration. While adding additional T-cell immune checkpoint inhibitors, such as LAG3 antibody, to a PD-1/PD-L1 antibody has shown impressive efficacy in certain cancer types, the benefits of such combinations are still expected to limit to "hot tumors" with substantial T-cell infiltration.

The IgG1 Fc design of IMM01 provides it with a unique advantage for the development of combination therapy with a PD-1 antibody, as compared to CD47 antibodies with IgG4 Fc. As most PD-1 antibodies also consist of IgG4 Fc, those IgG4 Fc-based CD47 antibodies cannot fully activate macrophages when combined with PD-1 antibodies due to the lack of the additionally required "eat me" signal activation. In contrast, IMM01 with IgG1 Fc can fully activate macrophages as a single agent and achieve synergistic effects in combination with PD-1 antibodies. Fully activated macrophages can secrete cytokines and chemokines that recruit T cells into the TME to turn "cold tumors" into "hot tumors," and further enhance T-cell response through antigen presentation, thus maximizing the benefits of the combination therapy. Additionally, IMM01 significantly inhibits the production of IL-8 which acts as one of the key mediators of resistance to PD-1/PD-L1 inhibitors. As shown in the charts below, the combination of IMM01 with either a PD-1 or PD-L1 antibody exhibited encouraging synergistic effects in our *in vivo* solid tumor efficacy models.

Efficacy Study of IMM01 and a PD-1 Antibody in Colon Cancer (CT26) Syngeneic Mouse Model



Efficacy Study of IMM01 and a PD-L1 Antibody in Colon Cancer (CT26) Syngeneic Mouse Model



Notes: (1) Six mice per group were used in this study; (2) The colors of lines represent different groups using different drugs and/or drug candidates.
Source: Company Data

In our Phase Ib trial for the combination of IMM01 and tislelizumab, a heavily pre-treated NSCLC patient with six lines of prior treatment and refractory to PD-1 inhibitors achieved PR after three cycles of treatment with target lesion shrinkage of 40%.

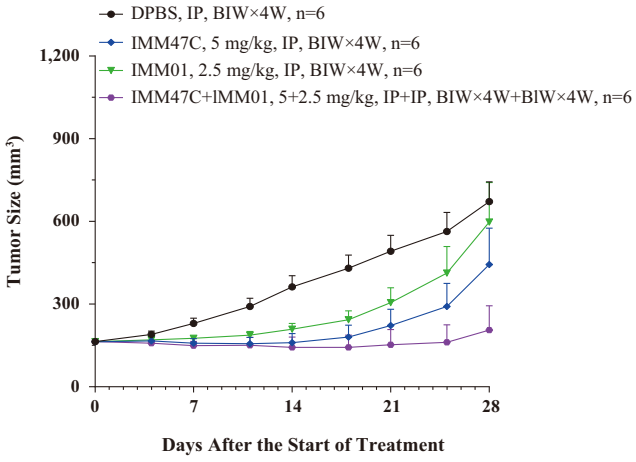
Combination with IMM47

IMM47 is a CD24-targeted humanized monoclonal antibody developed by us and has global first-in-class potential. CD24 is widely expressed in many tumor types and is found to be highly correlated with poor prognosis. Accumulating research has demonstrated that the inhibition on CD24 can prevent tumor cells from delivering inhibitory signals to macrophages, NK cells and T cells. Our preclinical studies have shown a promising efficacy profile of IMM47. For more details on the mechanism of action and preclinical results of IMM47, please refer to "— Our Innate Immune Checkpoint-targeted Drug Candidates — IMM47 (CD24 mAb)." Given IMM01 and

IMM47 both work to stimulate and activate overall innate and adaptive immune systems, the combination of these two candidates is expected to act synergistically to induce more profound antitumor immune responses.

The contemplated synergy has been further demonstrated in our preclinical studies. As shown in the diagram below, the combination treatment of IMM01 with IMM47C (previous generation chimeric version of IMM47) strongly suppressed the tumor growth in a xenograft model of TNBC, and largely outperformed either of the single agents alone at the same dose level:

IMM01 + IMM47C: Triple-negative Breast Cancer (MCF-7) Xenograft Mouse Model



Note: IMM47 revealed highly similar *in vitro* efficacy as IMM47C (previous generation chimeric version of IMM47), and was eventually selected for further development.
Source: Company Data

Combination with inetetamab

Inetetamab, independently developed by Sunshine Guojian, is a HER2 monoclonal antibody which was approved by the NMPA in June 2020 for the treatment of HER2-positive metastatic BC in combination with chemotherapy. We are collaborating with Sunshine Guojian to develop a combination therapy of inetetamab and IMM01 for HER2-positive solid tumors in mainland China (excluding Hong Kong, Macau and Taiwan). We have obtained an IND approval for a Phase Ib/II clinical trial in HER2-positive solid tumors from the NMPA in August 2021. For details, please refer to the paragraph headed "— Collaboration Agreement — Collaboration with Sunshine Guojian."

Combination with other drugs

The combination of IMM01 with other immunotherapies and targeted therapies have all seen promising efficacy in our preclinical studies. We may strategically further develop IMM01-based combination therapies on our own or with collaboration partners. We see great potential to target a wide range of tumor indications with IMM01's combination strategy.

Summary of Clinical Trial Results

IMM01 Monotherapy

We initiated a Phase I/II study of IMM01 monotherapy in September 2019, with Phase I dose-escalation study in R/R lymphoma completed in January 2022. Leveraging the safety and efficacy data and RP2D obtained from the Phase I trial, we obtained the IND approvals for clinical trials evaluating IMM01 and each of azacitidine, tislelizumab, inetetamab, and bortezomib/dexamethasonum. We commenced the Phase II cohort-expansion study in October 2021. Based on increasing data collected from our ongoing clinical trials for IMM01 monotherapy, combination therapies as well as CD47-based bispecific molecules, we continue to adaptively adjust the clinical development strategy for IMM01 in the context of development planning for our entire CD47-based product portfolio. Considering the much enhanced efficacy data observed in IMM01's combination trial targeting MDS and AML, as well as promising efficacy data observed in the clinical trial for IMM0306 (CD47×CD20) in R/R B-NHL, we plan to prioritize our resources on the clinical development of IMM01-based combination therapies as well as CD47-based bispecific assets in order to achieve optimal resource allocation.

Trial Design. The primary objectives of the Phase I monotherapy study were to preliminarily assess safety, tolerability and PK characteristics, and determine the MTD (if any), recommended dose for expansion (RDE) and RP2D of IMM01. Subjects with R/R lymphoma received IMM01 across eight cohorts at 3 μg/kg, 10 μg/kg, 50 μg/kg, 150 μg/kg, 500 μg/kg, 1.0 mg/kg, 1.5 mg/kg, and 2.0 mg/kg, respectively. Dose escalation was performed in the routine accelerated titration design for the 3 μg/kg and 10 μg/kg cohorts, and standard "3+3" design for the 50 μg/kg, 150 μg/kg, 500 μg/kg, 1.0 mg/kg, 1.5 mg/kg, and 2.0 mg/kg cohorts. Each cycle contains four weeks of once-weekly dosing followed by a week's rest after cycle one. We have enrolled a total of 29 subjects in this Phase I study. The primary endpoints for this Phase I study are adverse events, DLT, MTD and RP2D. The secondary endpoints include PK profile, immunogenicity and preliminary efficacy, including ORR, DCR, duration of response (DoR), PFS, and OS. The Phase II cohort-expansion study is designed to further evaluate the safety, PK profile, preliminary efficacy and immunogenicity of IMM01 monotherapy for the treatment of various hematologic malignancies. RDE dosing level is 1.5 mg/kg to 2.0 mg/kg, and RP2D is eventually set at 2.0 mg/kg.

Trial Status. We have completed a Phase I dose-escalation study of IMM01 monotherapy for the treatment of R/R lymphoma in January 2022 with a total of 29 patients enrolled. Phase II cohort-expansion clinical trial of IMM01 monotherapy was initiated in October 2021 and 29 patients with R/R lymphoma have been enrolled. We have discontinued enrolling patients for this Phase II trial since October 2022. Patients with treatment benefit will remain on the trial until their diseases further progress.

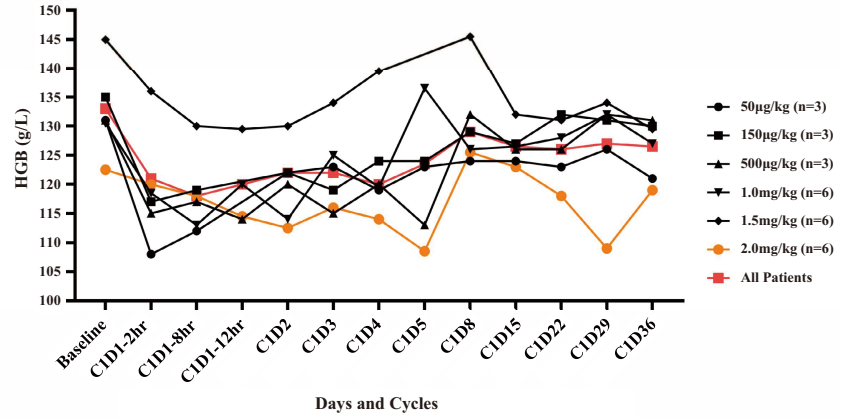
Safety Results. As of August 30, 2022, data obtained from the Phase I study has demonstrated that IMM01 monotherapy was well tolerated and safe up to 2.0 mg/kg. RDE of 1.5 to 2.0 mg/kg and RP2D of 2.0 mg/kg have been determined and used in the Phase II cohort-expansion study. According to the safety data from the Phase I study as of August 30, 2022, only one subject with DLT was observed at 1.5 mg/kg, and MTD was not reached up to 2.0 mg/kg. As illustrated by the following table, the majority of TRAEs observed are Grade 1 and 2. Grade 3 or above TRAEs of IMM01 mainly included leukopenia, thrombocytopenia, anemia and neutropenia, with the highest rate of occurrence at 14% (four out of 29).

Treatment-related adverse event (n=29)	ALL n (%)	≥Gr 3 n (%)
Positive of Anti erythrocyte antibody	17 (59)	
Leukopenia	16 (55)	2 (7)
Hemolysis	15 (52)	
Infusion related reaction	15 (52)	
Thrombocytopenia	13 (45)	3 (10)
Hypertriglyceridemia	13 (45)	
Anemia	13 (45)	4 (14)
Neutropenia	12 (41)	1 (3)
Neutrocytosis	12 (41)	
Alkaline phosphatase increased	8 (28)	
Leukocytosis	8 (28)	
Hyperbilirubinemia	7 (24)	
Hypercholesteremia	6 (21)	
Fever	5 (17)	
Proteinuria	5 (17)	
ALT increased	4 (14)	
GGT increased	3 (10)	
Hyperuricemia	3 (10)	
Hypothyroidism	3 (10)	
AST increased	4 (14)	

Notes: (1) TRAE above 10% is presented. (2) IMM01 was generally safe and well tolerated in 29 patients. (3) The majority of TRAEs were grade 1 or 2. (4) Grade 3 and above TRAEs mainly included leukopenia, thrombocytopenia, anemia and neutropenia, with the highest rate of occurrence as 14% (4/29).
Source: Company Data

The impact on hemoglobin or platelet is transient and insignificant following the administration of IMM01. As the diagram below illustrates, although a transient decrease of hemoglobin was observed at 8 to 24 hours after the first dosing, it would generally get back to normal level between day 2 and 4. As of February 10, 2023, neither hemagglutination nor hemolytic anemia had been observed in its Phase II clinical trial.

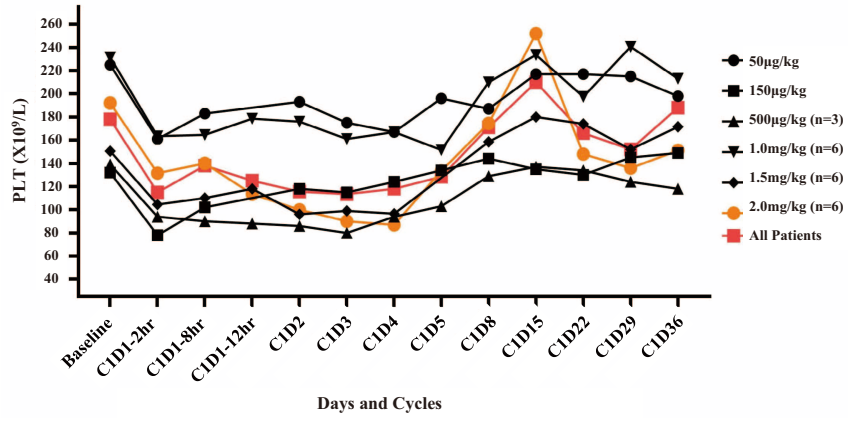
Hemoglobin Changes Following Single-dose Administration in Cycle One by Cohort



Note: Dosing days are C1D1, C1D8, C1D15, C1D22, C1D29, C1D36.
Source: Company Data

Transient decrease in platelet was also observed at 2 hours after the first dosing, but it generally returned to normal level after 5 days, as shown in the diagram below.

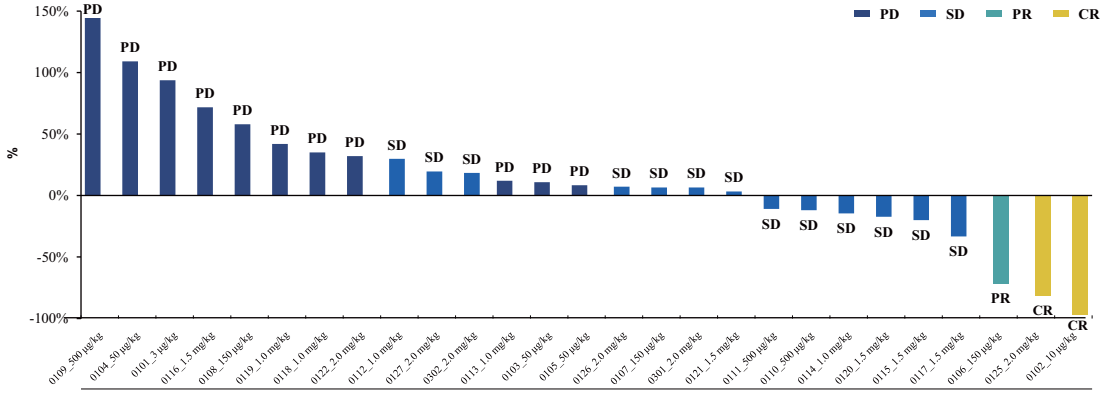
Platelet Changes Following Single-dose Administration in Cycle One by Cohort



Note: Dosing days are C1D1, C1D8, C1D15, C1D22, C1D29, C1D36.
Source: Company Data

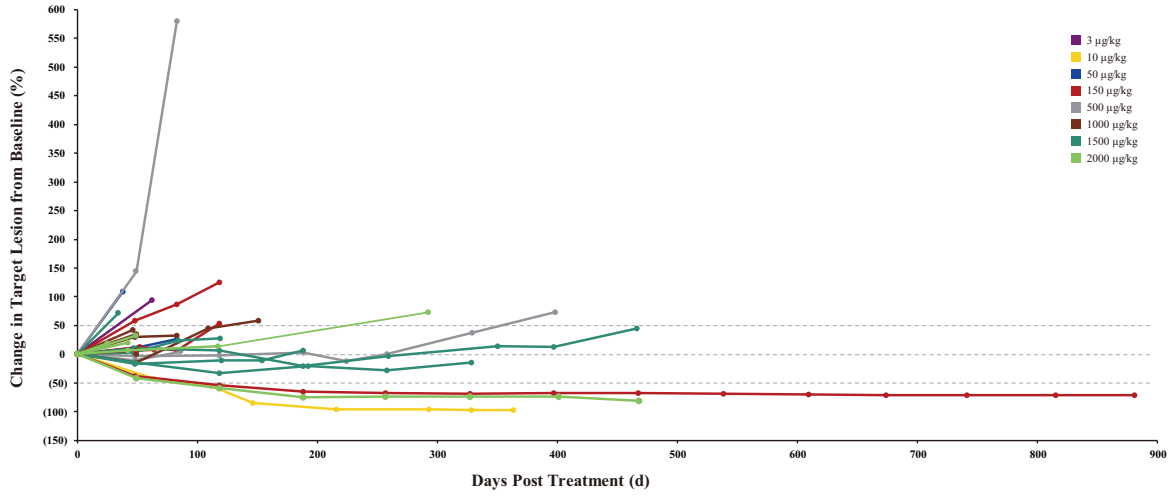
Efficacy Results. As of December 14, 2022, the data obtained from the Phase I dose-escalation study showed a favorable PK/PD profile and preliminary antitumor activity of IMM01 monotherapy: among 27 evaluable patients receiving 0.003 mg/kg to 2.0 mg/kg IMM01 in the Phase I study, two patients reached complete response (2 CRs), one reached partial response (1 PR), and 13 reached stable disease (13 SDs) (including six cases with observed substantial tumor shrinkage). Among the six patients at RP2D dose of 2.0 mg/kg in this monotherapy clinical trial, one reached complete response (1 CR), and four reached stable disease (4 SDs), with a DCR of 83% in these previously heavily pre-treated R/R lymphoma patients. CR observed in one of the evaluable patients lasted for 4.9 months before it turned into a progressive disease (PD) because of new lesions, and this patient was under continued treatment for another 2.5 months subsequently. Another patient achieved CR after 14 cycles of treatment. Treatments are still ongoing for those benefited patients. The diagrams below illustrate the best overall changes in size of target tumor lesions and duration of response in patients treated with IMM01 monotherapy.

Best Overall Changes in Size of Target Tumor Lesions



Note: The colors of bars represent the best overall changes in size of target tumor lesions.
Source: Company Data, as of December 14, 2022

Duration of Response in Patients Treated with IMM01 Monotherapy



Source: Company Data, as of December 14, 2022

Conclusion. IMM01 monotherapy has exhibited a favorable safety profile, and its preliminary efficacy results have demonstrated encouraging antitumor activities in R/R lymphoma. According to Frost & Sullivan, among numerous drug developers of CD47-targeted molecules globally, we are one of the only two companies to have observed CR in monotherapy clinical trials with a well tolerated safety profile. The encouraging safety and efficacy data of the Phase I trial lays a solid foundation to support the further development of IMM01 in combination therapies as well as the development of CD47-based bispecific molecules.

IMM01 in combination with azacitidine

We initiated a Phase Ib/II study of IMM01 and azacitidine in January 2022, with the Phase Ib trial targeting R/R MDS and R/R AML completed in June 2022. We commenced the Phase II clinical trial mainly for the first-line treatment of HR MDS, unfit AML and CMML in June 2022.

Trial Design. The primary objectives of the Phase Ib study of the combination of IMM01 and azacitidine were to assess its safety and tolerability for the treatment of R/R MDS and R/R AML, and determine the MTD (if any) and RP2D. Subjects received IMM01 and dose of azacitidine across three cohorts at 1.0 mg/kg, 1.5 mg/kg and 2.0 mg/kg of IMM01 and fixed dose of azacitidine (75 mg/m^2/day), respectively. Dose escalation was performed in the standard "3+3" design for these cohorts. Each cycle contains four weeks of once-weekly dosing of IMM01 and injection of azacitidine for seven consecutive days. We have enrolled a total of 12 subjects in this Phase Ib study. The primary endpoints for the Phase Ib study of IMM01 and azacitidine include adverse events, DLT, MTD and RP2D. The secondary endpoints include PK profile and preliminary efficacy, including CR, PR, SD and PD.

The ongoing Phase II cohort-expansion study is designed to further evaluate the safety and efficacy of IMM01 and azacitidine mainly for the first-line treatment of HR MDS, unfit AML and CMML. In the Phase II trial, each cycle contains four weeks of once-weekly dosing of IMM01 and injection of azacitidine for seven consecutive days. The primary endpoints for this Phase II trial include adverse events. The secondary endpoints include PK profile and preliminary efficacy.

Trial Status. We have completed the Phase Ib trial of IMM01 and azacitidine for the treatment of R/R MDS and R/R AML with a total of 12 patients enrolled. Phase II trial of IMM01 in combination of azacitidine was initiated in June 2022.

Safety Results. Neither DLT nor hemagglutination was observed among all 12 patients in the combination treatment at all three dose levels of 1.0 mg/kg, 1.5 mg/kg, and 2.0 mg/kg in the Phase Ib trial. As of February 10, 2023, among MDS patients, neither patient discontinuation due to TRAE nor Grade 3 or higher hemolysis was observed in the Phase II trial. No Grade 3 or higher hemolysis was observed among patients with CMML or AML in the Phase II trial.

Efficacy Results. In the Phase II trial, as of February 10, 2023, among the eight evaluable patients with 1L CMML, two reached CR (2 CRs), six reached mCR (6 mCRs), and one reached HI (1 HI, which also achieved mCR), resulting in an ORR of 100% and a CR rate of 25% after one to five cycles of treatment.

Best Overall Response	1L CMML (N=8)
ORR	8 (100%)
CR	2 (25.0%)
mCR+HI	1 (12.5%)
mCR alone	5 (62.5%)

Notes: (1) The clinical data is as of February 10, 2023. (2) ORR (CR+mCR+HI) refers to overall response rate; CR refers to complete response; mCR refers to marrow complete response; HI refers to hematologic improvement.
Source: Company Data

Among the 16 evaluable HR MDS patients who have received at least three cycles of treatment, three achieved CR (3 CRs), nine achieved mCR (9 mCRs), and seven achieved HI (7 HIs, among which 4 also achieved mCR), resulting in an ORR of 93.8%. Most patients received only one or two cycles of treatment as of February 10, 2023, and their treatment are still ongoing.

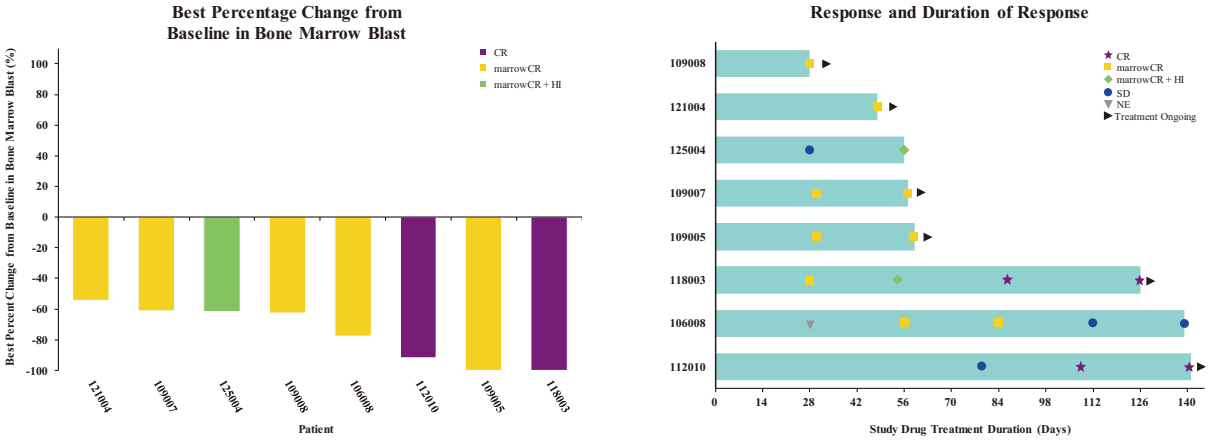
Best Overall Response	Treatment Cycle Since First Dose (ES N=35)	
	≥ 3 cycles (N=16)	≥ 4 cycles (N=13)
ORR	15 (93.8%)	12 (92.3%)
CR	3 (18.8%)	3 (23.1%)
mCR+HI	4 (25.0%)	4 (30.8%)
mCR alone	5 (31.3%)	3 (23.1%)
HI	3 (18.8%)	2 (15.4%)
SD	1 (6.3%)	1 (7.7%)
SD*	0	0
NE	0	0
PD	0	0

Notes: (1) The clinical data is as of February 10, 2023. (2) ORR refers to overall response rate; CR refers to complete response; mCR refers to marrow complete response; HI refers to hematologic improvement; SD refers stable disease; SD* refers to SD not met for over eight weeks; PD refers to progressive disease; NE refers to not evaluable; (3) ES (evaluable analysis set) is defined as subjects with at least one post-baseline tumor assessment.
Source: Company Data

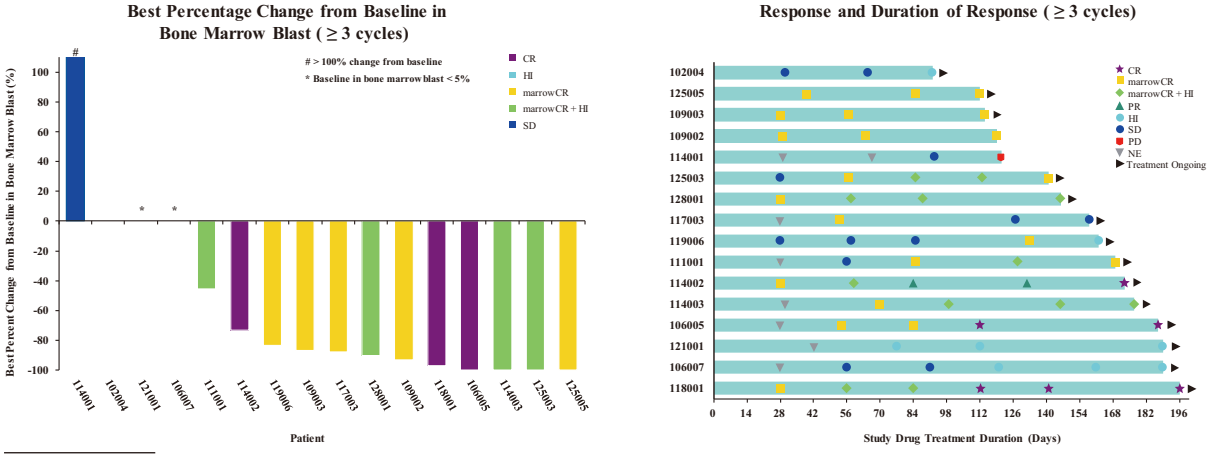
The following diagram illustrates the interim efficacy data of the combination of IMM01 and azacitidine as of February 10, 2023:

Efficacy Data of IMM01 in Combination with Azacitidine

1L CMML



1L MDS



Notes: (1) The clinical data is as of February 10, 2023. (2) ORR refers to overall response rate; CR refers to complete response; MarrowCR refers to marrow complete response; HI refers to hematologic improvement; SD refers stable disease.

Source: Company Data

Conclusion. The clinical data from the Phase Ib/II trial for the combination of IMM01 and azacitidine has demonstrated positive safety and preliminary efficacy profile, and supports continued development of IMM01 in combination with azacitidine.

IMM01 in combination with tislelizumab

We initiated a Phase Ib/II clinical trial to evaluate IMM01 in combination with tislelizumab in May 2022, and initiated the Phase II dose expansion trial in December 2022.

Trial Design. The Phase Ib dose escalation trial is designed to evaluate the safety, MTD/RP2D and preliminary efficacy in advanced solid tumors that failed to respond to or relapsed from the standard of care. Subjects received IMM01 and tislelizumab across three cohorts at 1.0 mg/kg, 1.5 mg/kg and 2.0 mg/kg of IMM01 and fixed dose of tislelizumab (200 mg), respectively. Dose escalation was performed in the standard "3+3" design for these cohorts. Each cycle contains three weeks of once-weekly dosing of IMM01 and injection of tislelizumab for once a cycle. The primary endpoints for the Phase Ib trial of IMM01 and tislelizumab include adverse events, DLTs, MTD and RP2D. The secondary endpoints include PK profile, immunogenicity and preliminary efficacy, including ORR, DoR, PFS, DCR and time to response.

The ongoing Phase II cohort-expansion trial is designed to further evaluate the safety and efficacy of IMM01 and tislelizumab in advanced solid tumors and lymphoma, including NSCLC, SCLC, HNSCC, R/R cHL and others, which failed to respond to or relapsed from the standard of cares including PD-1/PD-L1 inhibitors. In the Phase II trial, each cycle contains three weeks of once-weekly dosing of IMM01 and injection of tislelizumab for once a cycle. The primary endpoint for this Phase II trial is efficacy. The secondary endpoints include safety, tolerability and immunogenicity.

Trial Status. We dosed the first patient for the Phase Ib trial in May 2022. We have enrolled a total of 14 subjects in this Phase Ib trial and completed the enrollment of subjects and observation of DLT for the Phase Ib trial. We determined 2.0 mg/kg as the RP2D of IMM01 in combination with tislelizumab and dosed the first patient for the Phase II trial in December 2022.

Safety Results. As of February 10, 2023, the combination of IMM01 and tislelizumab was shown to be safe and well tolerated at up to 2.0 mg/kg of IMM01.

Efficacy Results. In our Phase Ib trial, a heavily pre-treated NSCLC patient with six lines of prior treatment and refractory to PD-1 inhibitors achieved PR after three cycles of treatment with target lesion shrinkage of 40% and the treatment is still ongoing.

Conclusion. The clinical data from the Phase Ib trial for the combination of IMM01 and tislelizumab has demonstrated positive safety and preliminary efficacy profile, and supports continued development of IMM01 in combination with tislelizumab in the Phase II trial.

Clinical Development Plan

Given the favorable safety and efficacy profile of IMM01 shown in early clinical trials, we plan to further develop IMM01 in combination with azacitidine, tislelizumab and other cancer agents that have the potential to address significant unmet medical needs.

Program	Indications	Clinical trial stage (status)	Trial site	First-patient-in date	(Expected) BLA submission date[1]
IMM01+ azacitidine	MDS, AML, CMML[2]	Phase Ib (completed) Phase II (ongoing)	China	January 2022	Q1 2025[3]
IMM01 + tislelizumab	NSCLC, SCLC, HNSCC, CRC, other solid tumors, cHL[4]	Phase Ib (completed) Phase II (ongoing)	China	May 2022	Q3 2025[5]

Notes: (1) Denotes the date on which we expect to submit the first BLA for each program; (2) We are conducting cohort expansion trials for the first-line treatment of HR MDS, unfit AML and CMML. Particularly, we believe there is possibility that we could seek an accelerated marketing approval through relatively small sample size studies targeting the first-line treatment of CMML, a rare type of disease with highly unmet medical needs; (3) Subject to positive clinical results of the Phase II trial, we plan to commence a pivotal trial in December 2023. We expect to submit the BLA for CMML to the NMPA in the first quarter of 2025, and submit the BLA for MDS/AML in the fourth quarter of 2025; (4) We are evaluating this combination therapy in cHL patients who relapsed or progressed after the treatment of PD-1 inhibitors which may allow us to pursue an accelerated marketing approval leveraging the results of relatively small sample size studies; (5) We expect to submit the BLA for cHL to the NMPA in the third quarter of 2025, and submit the BLA for solid tumors by the end of 2025.

We are currently conducting all of the clinical trials for IMM01 in combination therapies in China, and will actively explore opportunities to obtain accelerated marketing approvals leveraging the results of relatively small sample size studies. A conditional marketing approval achieved through single-arm study design will typically have conditions that require the drug developer to obtain and report additional clinical data after the commercial launch of the approved drug to further confirm its efficacy and safety. The NMPA will grant a full marketing approval if the additional clinical data fulfills the requirements for a normal marketing approval. If our IMM01 in combination therapies is conditionally approved through single-arm trial design for accelerated marketing, we will need to discuss and reach consensus with the NMPA on details of the post-approval research pursuant to the relevant laws in China. To fully unleash the clinical value of IMM01 in a cost-effective and efficient manner, in addition to our internal development, we may also strategically seek out-licensing and other co-development opportunities to conduct clinical development in other jurisdictions.

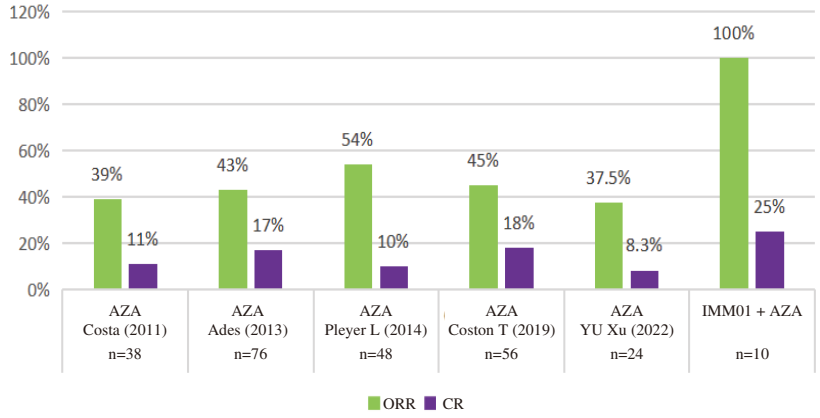
Combination with azacitidine

In the completed Phase Ib trial evaluating IMM01 in combination with azacitidine, we enrolled 12 patients in total, including 9 patients with R/R AML and 3 patients with R/R MDS. Upon completion of the Phase Ib trial, we initiated a Phase II trial to evaluate the safety and efficacy of IMM01 in combination with azacitidine mainly for the first-line treatment of HR MDS, unfit AML and CMML in June 2022. As of February 10, 2023, we have enrolled 78 patients, including 16 patients with treatment-naive AML, 44 patients with treatment-naive MDS, and 10

patients with treatment-naive CMML, as well as 8 patients with R/R MDS/AML. We plan to recruit around 80 to 90 patients in total for this trial. Subject to further clinical validation, we plan to file an IND application with the FDA for a Phase II study of this combination treatment.

Particularly, we believe we could seek an accelerated marketing approval through relatively small sample size studies targeting the first-line treatment of CMML in China, given that CMML is a rare disease whose incidence is around 1 of every 100,000 people in China, and there is a lack of effective treatment for CMML. As indicated by the graph below, the ORR and CR rates range from 37% to 54% and 8% to 18% respectively in major clinical trials of azacitidine in CMML based on historical data. Particularly, real-world data on efficacy and safety of azacitidine therapy in 24 patients with CMML from a multicenter, retrospective study in China published in July 2022 showed an ORR of 37.5% with a CR rate and a mCR/HI rate of 8.3% and 20.8%, respectively. In contrast, in our Phase II trial for the combination of IMM01 and azacitidine, among the eight evaluable patients with 1L CMML, two reached complete response (2 CRs), six reached marrow complete response (6 mCRs), with one hematological improvement (1 HI), resulting in an ORR of 100% and a CR rate of 25%.

Summary of Major Clinical Studies in CMML



Notes: (1) The clinical data is as of February 10, 2023. (2) ORR refers to overall response rate; CR refers to complete response. (3) There were no head-to-head comparison clinical trials conducted between these drugs. The results of clinical trials of a drug cannot be directly compared to that of another drug and may not be representative of the overall data.

Source: Literature Review, Company Data

According to Frost & Sullivan, only few drugs, such as azacitidine, have been approved for the first-line treatment of advanced CMML. However, the initial responses of azacitidine are often limited and short-lived, and very few of other CD47-based drug candidates are being evaluated for CMML in clinical trials. As an innovative drug targeting life-threatening malignancies without effective treatment, this combination therapy could be qualified to apply for an accelerated marketing approval, and the number of patients required for its pivotal trial could be relatively small considering its overall patient population. The Company dosed the first patient with CMML for the Phase II trial in August 2022. Subject to positive clinical results of the Phase II trial, the Company plans to commence a pivotal trial in December 2023 and then file an BLA with the NMPA in the first quarter of 2025.

Combination with tislelizumab

We intend to develop the combination therapy of IMM01 and tislelizumab for the treatment of solid tumors that are refractory or relapsed from the standard of care such as PD-1/PD-L1 inhibitors, including among others, NSCLC, SCLC, HNSCC and CRC, as well as R/R cHL. In February 2022, we obtained the IND approval from the NMPA for Phase Ib/II clinical trial to

evaluate the combination therapy of IMM01 and tislelizumab in solid tumors in China. We have procured Beigene's BAIZE'AN® (tislelizumab) at market price in the open market for our clinical trials, which is in compliance with the relevant laws and regulations and in line with industry practice. We are currently evaluating IMM01 and tislelizumab in a Phase II trial, and we expect to initiate a pivotal trial in the third quarter of 2024. As of February 10, 2023, we have enrolled 10 patients, including four patients with NSCLC, three patients with HNSCC, one patient with SCLC, two patients with cHL for this Phase II trial. After accumulating more clinical data, we may further evaluate this combination therapy for the first-line treatment of those solid tumors as well as for the treatment of other cancer indications.

We are also developing this combination therapy for cHL patients who relapsed or progressed after the treatment of PD-1 inhibitors, which may allow us to pursue an accelerated marketing approval leveraging the results of relatively small sample size studies. According to Frost & Sullivan, currently there is very limited effective treatment for cHL patients who relapsed or progressed post to PD-1 inhibitor treatment, presenting highly unmet medical needs. Given the strong synergistic effects observed in our preclinical studies and preliminary efficacy signal of IMM01 monotherapy shown in clinical trials, we believe this combination therapy has the potential to fulfill the unmet medical needs of those R/R cHL patients. Since none of other CD47-based drug candidates are being evaluated for R/R cHL in clinical trials to date, this combination therapy is well-positioned to pursue an accelerated marketing approval as an innovative therapy targeting R/R cHL if it can demonstrate its therapeutic benefits in the pivotal trial. Since cHL occurs in only 0.57 of every 100,000 people in China and the number of R/R cHL patients is fewer, the patient number required for its pivotal trial could be relatively small. In July 2022, we obtained the NMPA's consent for adding R/R cHL as an additional expansion cohort into the ongoing combination trial of IMM01 and tislelizumab. We dosed the first patient with R/R cHL in China in January 2023.

Combination with other drugs

We are currently exploring the therapeutic benefits of IMM01 in combination with various other drugs for a wide range of cancer indications. We reached a collaboration with Sunshine Guojian, under which Sunshine Guojian will be primarily responsible for driving and funding the clinical development of the combination of IMM01 and inetetamab for HER2-positive solid tumors in mainland China. We and Sunshine Guojian have obtained the IND approval for the Phase Ib/II trial to evaluate this combination therapy. Sunshine Guojian will formulate the detailed clinical plan and lead the clinical development for this combination therapy, and this combination trial has not been commenced as of the Latest Practicable Date as the progress of this clinical program is under the control of Sunshine Guojian based on their internal resource allocation and strategic priority. We are also conducting numerous preclinical studies to evaluate the combination use of IMM01 with other drugs targeting various cancer indications. Multiple combination therapies have shown robust synergistic potential in mouse models.

In addition, we have obtained an IND approval for the Phase Ib/II clinical trial to evaluate the combination of IMM01 with rituximab (a CD20 mAb) for the treatment of R/R B-NHL from the NMPA in August 2021. Since we will place our focus on the development of IMM0306 for this indication, we currently do not plan to initiate any clinical trials for this combination therapy in the near future. We have also obtained an IND approval for the Phase Ib/IIa clinical trial to evaluate the combination of IMM01 with bortezomib and dexamethasonum for the treatment of MM from the NMPA in January 2023. We may seek partnership to further develop this combination therapy.

Licenses, Rights and Obligations

We are internally developing IMM01, and own the global rights to research, develop and commercialize IMM01. We are collaborating with Sunshine Guojian to develop a combination therapy using inetetamab and IMM01 for the treatment of HER2-positive solid tumors in mainland China (excluding Hong Kong, Macau and Taiwan). For details, please refer to the paragraph headed "— Collaboration Agreement — Collaboration with Sunshine Guojian."

Material Communications

We had not received any regulatory agency's concerns or objections to our clinical development plans as of the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET IMM01 SUCCESSFULLY.

CD47-based Bispecific Molecules

Based on the validated molecule structure of IMM01, we have subsequently developed multiple CD47-based bispecific molecules leveraging our mAb-Trap platform. These bispecific molecules all contain the same engineered CD47-binding fragment used in IMM01 and an ADCC-enhanced IgG1 Fc fragment. The structure of our bispecific molecules was deliberately designed through a series of rigorous studies and tests guided by our "DbD" concept on various aspects, including synergy between targets, tailored molecule structure, expected dosing level, stability, and ease of manufacturing.

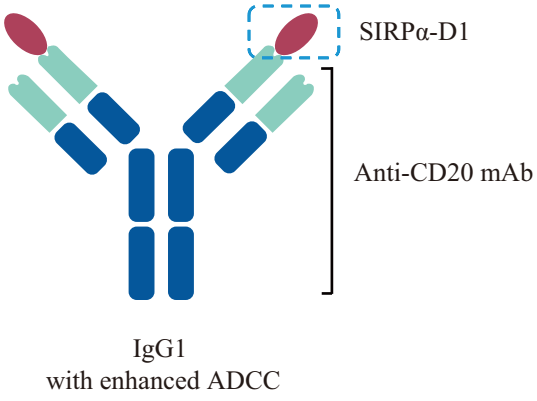
Studies on crystal structure of CD47 have revealed that CD47-binding region of SIRPα is located at its N-terminal. When designing the molecules, we thus connect the CD47-binding domain to the N-terminal of the heavy chain or light chain of a base antibody against another tumor target rather than to the Fc end, as is commonly seen in other CD47 based bispecifics. Our design prevents conformational interference with CD47 binding and preserves the intact Fc region with full immune effector function.

A prerequisite for a combination therapy to exert synergistic effects is that the two agents must simultaneously bind to the same cancer cell. As only a portion of the single agents administered will bind with same cancer cells, a much higher dosing level of each agent will be required to achieve a strong synergistic effect. Comparatively, our bispecific molecules with a higher affinity for a tumor antigen than CD47 are more likely to bind to two targets co-expressed on the same tumor cell, and simultaneously activate immune responses through the ADCC-enhanced IgG1 Fc, allowing for stronger synergistic effects. Our preclinical studies have shown that these bispecific molecules, even at a relatively lower dose level, could have better synergistic effects than the combination therapies of two antibodies targeting respective targets. Further, with the fine-tuned unbalanced binding affinity, our bispecific molecules can preferentially bind to CD47 on tumor cells, minimizing "on-target, off-tumor" toxicity. In addition, the symmetric structure of our bispecific molecules developed on our mAb-Trap platform minimizes mismatch during the production process, allowing for ease of manufacturing, product stability, higher titer and protein yield. In fact, average protein yield for IMM0306, IMM2902, and IMM2520 ranges from 3.8g/L to 4.6g/L, much higher than the industry average for bispecific molecules of 1.0g/L to 3.0g/L.

IMM0306 (CD47×CD20) — Our Key Product

IMM0306 is a bispecific molecule that simultaneously targets both CD47 and CD20 and is the first CD47 and CD20 dual-targeting bispecific to enter into clinical stage globally. The diagram below illustrates the molecule structure of IMM0306:

IMM0306



Source: Company Data

Based on our mAb-Trap platform, we designed the molecule of IMM0306 to consist of the CD47-binding domain of IMM01 and an ADCC-enhanced IgG1 Fc fragment which is capable of inducing full macrophage activation and much improved ADCP and ADCC activity, resulting in strong antitumor immune responses.

In our preclinical studies, IMM0306 elicited stronger *in vivo* antitumor activity compared to rituximab single agent or its combination with IMM01, and showed a favorable safety profile. In May 2020, we initiated a Phase I clinical trial to evaluate IMM0306 in R/R B-NHL in China. The preliminary data from the Phase I clinical trial has demonstrated encouraging efficacy and favorable safety profile of IMM0306. IMM0306 was safe and well tolerated up to 2.0 mg/kg. Among the evaluable patients across four cohorts dosed from 0.8 mg/kg to 2.0 mg/kg, who had relapsed or progressed after receiving rituximab previously, two CRs and five PRs were observed. The only evaluable FL patient at 2.0 mg/kg who relapsed and progressed after rituximab treatment has also been confirmed as PR. At 2.0 mg/kg, one patient with primary bone DLBCL who had four lines of prior treatment has achieved PR with all measurable lesions disappeared after 65 days of treatment. We commenced a Phase IIa trial for IMM0306 monotherapy for the third- or later-line treatment of FL in March 2023, and expect to start pivotal trials in the third quarter of 2024. Furthermore, our IND application for the combination of IMM0306 and lenalidomide targeting front-line B-NHL was approved by the NMPA in January 2023, and we are in preparation to commence the Phase Ib trial for this combination in China. We have also received an IND approval for IMM0306 from the FDA in January 2021. With further clinical validation in the Phase I trial in China, we will then decide on our clinical development and collaboration strategy for IMM0306 in the U.S.

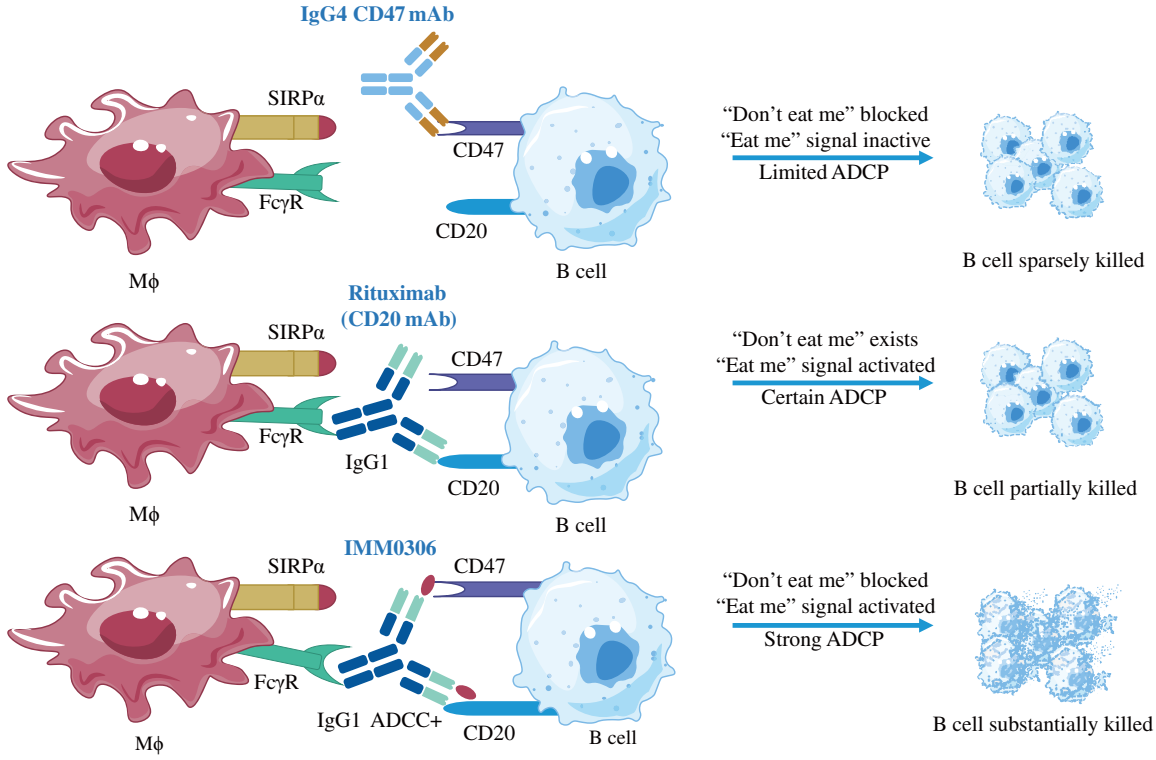
We are developing IMM0306 in-house and own its global IP and commercial rights. As of the Latest Practicable Date, with respect to IMM0306, we owned one patent family, which includes four issued patents in China, Japan and the U.S., one allowed patent application in the EU, and one PCT patent application which has entered national phases.

Mechanism of Action

Upon binding with CD20 and CD47, IMM0306 is expected to deplete malignant B cells by inducing enhanced ADCC and ADCP activity and possibly eliciting subsequent T-cell response, leading to an integrated immune activation. The ADCC-enhanced IgG1 Fc region of IMM0306 could further improve its effectiveness for treating patients predominantly expressing FcγRIIIA-158F polymorphism that is less sensitive to CD20 antibody treatment, according to Frost & Sullivan. Public data have demonstrated synergistic therapeutic benefits of the combination use of CD47-targeted agents and CD20 antibodies, showcasing the advantages of this dual-targeting strategy. However, a prerequisite for synergistic effects in this combination therapy is that these two agents must simultaneously bind to the same cancer cell. As only a portion of the single agents administered will bind with same cancer cells, a much higher dosing level of each agent will be required to achieve a strong synergistic effect. Comparatively, IMM0306, as a bispecific molecule, is more likely to bind to two targets co-expressed on the same cell, and simultaneously activate immune responses through its ADCC-enhanced IgG1 Fc, allowing for stronger synergistic effects even at a relatively lower dose level. To ensure targeting specificity of the molecule, the fine-tuned unbalanced binding affinity enables selective targeting to CD20-positive malignant B cells and mitigates "on-target, off-tumor" toxicity by minimizing inadvertent binding to CD47 on blood cells or other normal tissues.

The following diagrams illustrate the mechanism of action of IMM0306 in comparison to the combination of separate agents targeting CD47 and CD20:

Mechanism of Action of IMM0306 versus Combination of CD47 mAb and CD20 mAb



Source: Company Data

Market Opportunities and Competition

We are currently developing IMM0306 for the treatment of R/R B-NHL. According to Frost & Sullivan, the global and China incidence of NHL was 556.2 thousand and 95.2 thousand in 2021, respectively, and is expected to increase to 670.3 thousand and 117.4 thousand in 2030, respectively. B-NHL patients account for 85% of patients with NHL. According to Frost & Sullivan, approximately 95% of B-NHL express CD20 antigen. CD20 antibody in combination with chemotherapy is the main treatment option covering the first-line and following treatment for B-NHL. However, approximately 50% of NHL patients will eventually experience disease progression to R/R NHL, which remains a challenge with limited effective treatment options. For R/R B-NHL, CD20-targeted therapy is generally associated with limited effectiveness due to drug resistance. As B-NHL is a malignant tumor of lymphatic system which contains numerous immune cells, simultaneously targeting innate and adaptive immunity have great potential in addressing the unmet needs of NHL treatment.

According to Frost & Sullivan, there were two CD47×CD20 bispecific antibodies/fusion proteins under development globally as of the Latest Practicable Date. Among them, IMM0306 is the first one to enter into a clinical trial. In our ongoing Phase I clinical trial, IMM0306 has shown promising efficacy signals in treating patients with R/R B-NHL. Given IMM0306's much more potent *in vivo* efficacy compared to rituximab in our preclinical studies, as well as its encouraging preliminary clinical efficacy data targeting R/R patients previously treated with and progressed after rituximab, we believe that it also has the potential to become a new first-line treatment option for our targeted indications.

Competitive Advantages

We believe IMM0306 has the following competitive advantages:

(1) Potent in vivo antitumor effects at a lower dosing level compared to CD20 antibody as monotherapy or its combination with IMM01

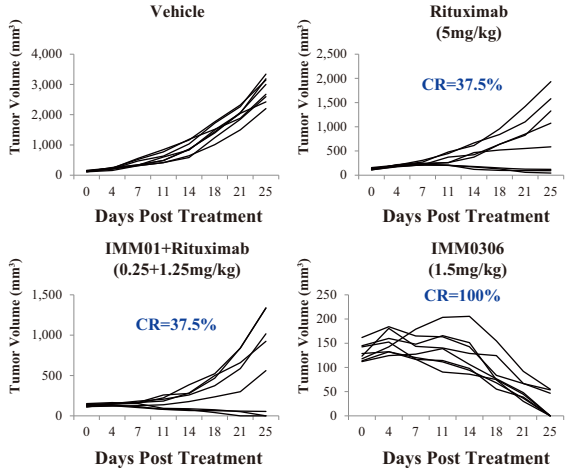
While CD20 antibody used with chemotherapy is currently the main treatment option covering all lines of B-NHL treatment, the potency of CD20 antibody could be hampered by the inhibitory signaling of CD47. By dual-targeting of CD20 and CD47, IMM0306 can lead to stronger antitumor effects than a CD20 antibody through eliciting more integrated immune responses.

Although the combined use of a CD47-targeted agent and a CD20 antibody can also achieve the synergistic activity, the prerequisite for such synergistic activity is that both antibodies bind simultaneously on the same tumor cell. Compared to the combination therapy, IMM0306 is more likely to bind with two targets co-expressed on the same tumor cell, thus achieving stronger synergistic effects at a relatively lower dose level. In addition, the IgG1 Fc of IMM0306 enables the molecule to potentially treat patients with the predominantly expressed less-sensitive FcγRIIIA polymorphism (FcγRIIIA-158F).

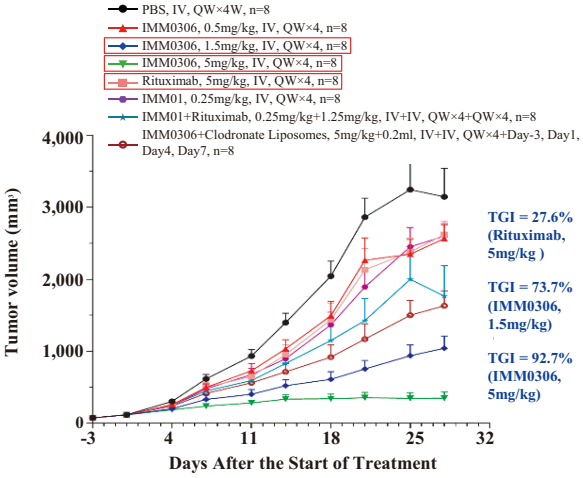
Our *in vivo* efficacy studies have demonstrated that IMM0306 was more potent than rituximab (CD20 mAb) monotherapy, even at a much lower dosing level, and it is more potent than the combination therapy of IMM01 and rituximab at a comparable dosing level. As shown in the diagrams below, under Daudi xenograft model in SCID mice, IMM0306 resulted in complete remission in 100% of mice at 1.5 mg/kg. In the same model, the combination therapy of IMM01 and rituximab at a comparable dosing level only resulted in a complete remission rate of 37.5%, and rituximab monotherapy led to a complete remission rate of 37.5% even at a much higher dose

of 5 mg/kg. Under Raji xenograft model in SCID mice, IMM0306 led to a dose-dependent response with TGI rates of 73.7% and 92.7% at 1.5 mg/kg and 5 mg/kg, respectively. In comparison, at a high dose of 5.0 mg/kg, rituximab only resulted in a much lower TGI rate of 27.6%.

Efficacy Study in Lymphoma (Daudi) Xenograft Mouse Model



Efficacy Study in Lymphoma (Raji) Xenograft Mouse Model



Note: Eight mice per group were used in this study.
Source: Company Data

We dosed the first patient in a Phase I clinical trial in treating R/R B-NHL in China in May 2020, and preliminary results available thus far showed positive efficacy signals. All patients enrolled in this trial had relapsed or progressed after receiving rituximab previously. Among the evaluable patients across four cohorts dosed from 0.8 mg/kg to 2.0 mg/kg, who had relapsed or progressed after receiving rituximab previously, two CRs and five PRs were observed. The only evaluable FL patient at 2.0 mg/kg who relapsed and progressed after rituximab treatment has also been confirmed as PR. At 2.0 mg/kg, one patient with primary bone DLBCL who had four lines of prior treatment has achieved PR with all measurable lesions disappeared after 65 days of treatment.

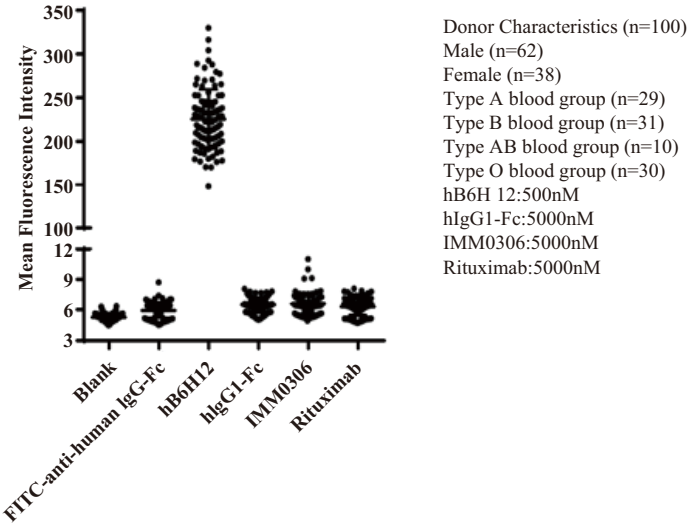
Currently, the first-line treatment of B-cell lymphoma is primarily CD20 antibody (such as rituximab) plus chemotherapy. IMM0306 has revealed promising efficacy targeting patients who had relapsed or progressed after receiving rituximab. Since IMM0306 demonstrates much stronger *in vivo* antitumor activity than rituximab at a lower dose level, we believe IMM0306 has the great potential to become a first-line treatment option for B-cell lymphoma.

(2) Favorable safety profile with no human red blood cell binding in vitro, with only minor cytokine storm

Major concerns regarding the use of CD47-targeted agents are driven by the ubiquitous expression of CD47 in normal tissues, especially on RBCs, which leads to severe blood toxicity and antigenic sink. The safety concerns set up a high technical barrier for the molecule design of CD47-targeted agents. Our IMM0306 does not bind to RBCs in *in vitro* preclinical studies or cause hemagglutination in clinical trials, attributable to the same CD47-binding domain used in IMM01. With the higher affinity for CD20, IMM0306 can preferentially bind to CD20 and CD47 co-expressing tumor cells, thus minimizing "on-target, off-tumor" toxicity.

As shown in the diagram below, based on the blood samples drawn from 100 donors including males and females with different blood types, IMM0306 interacting with human RBCs manifests minimum mean fluorescence intensity as measured by the flow cytometer, demonstrating no binding activity toward human RBCs, while hB6H12, a CD47 antibody, showed significant RBC binding activities.

Human RBC Binding Analysis of IMM0306



Source: Company Data

Moreover, different from T-cell engaging bispecific antibodies, which normally induce serious cytokine release syndrome (CRS), a severe immune reaction in which the body releases too many cytokines within a very short time leading to severe inflammation and potential organ failures, IMM0306 only triggers minor CRS. CRS is one of the main reasons driving dose-limiting toxicities of T-cell engaging bispecific antibodies, mostly CD3-based bispecific antibodies due to their direct activation of T cells, which eventually leads to the termination or suspension of multiple clinical trials for CD3-based bispecifics, including Amgen's AMG673 (CD3×CD33), AMG427 (CD3×FLT3) and AMG701 (CD3×BCMA), Regeneron's odronextamab (CD3×CD20), and Pfizer's elranatamab (CD3×BCMA). Our preliminary clinical data has suggested favorable safety and tolerability profiles of IMM0306. As of February 27, 2022, among 48 patients enrolled in its Phase I clinical trial, no DLT was observed and MTD was not reached. The majority of TRAEs observed are Grade 1 and 2. The most frequent TRAEs were lymphocyte decrease, white blood cell decrease, neutropenia, platelet decrease, anemia and drug-related infusion related reactions.

Clinical Development Plan

We are executing a comprehensive clinical development plan for IMM0306 in China and the U.S. We initiated a Phase I clinical trial of IMM0306 in treating R/R B-NHL in China in May 2020. We commenced a Phase IIa trial for IMM0306 monotherapy for the third- or later-line treatment of FL in March 2023 and plan to seek an accelerated marketing approval through a single-arm trial. We expect to commence pivotal clinical trials in China in the third quarter of 2024. Furthermore, our IND application for the combination of IMM0306 and lenalidomide targeting front-line B-NHL was approved by the NMPA in January 2023, and we are in preparation to commence the Phase Ib trial for this combination in China. We have also received an IND

approval for IMM0306 from the FDA in January 2021. With further clinical validation in the Phase I trial in China, we will then decide on our clinical development and collaboration strategy for IMM0306 in the U.S.

Licenses, Rights and Obligations

We are developing IMM0306 in-house and own the global rights to develop and commercialize IMM0306.

Material Communications

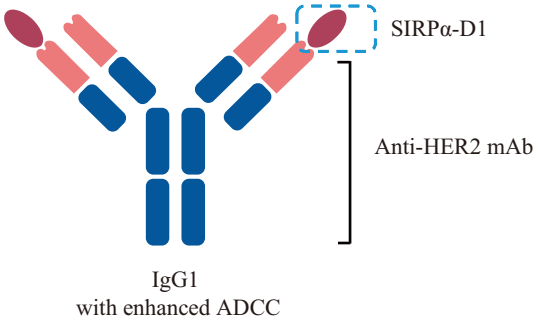
We had not received any regulatory agency's concerns or objections to our clinical development plans as of the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET IMM0306 SUCCESSFULLY.

IMM2902 (CD47×HER2) — Our Key Product

IMM2902 is the only bispecific molecule targeting CD47 and HER2 simultaneously that has entered into clinical trial globally. The following diagram illustrates the structure of IMM2902:

IMM2902



Source: Company Data

With its unique structural design with the engineered CD47-binding fragment connected to the N-terminus of light chains, our IMM2902 shows no RBC binding *in vitro,* and is able to adopt an ADCC-enhanced IgG1 Fc fragment capable of inducing full macrophage activation, enhanced ADCP and ADCC activity, and potent antitumor immune responses. By simultaneously binding to HER2 and CD47, IMM2902 suppresses tumor cell growth and proliferation through the blockade of CD47/SIRPα immune inhibitory signal, enhanced ADCP/ADCC, as well as the induction of accelerated HER2 internalization and degradation. Additionally, the structurally optimized IgG1 Fc could potentially induce ADCT as found with amivantamab.

IMM2902 demonstrated potent antitumor activity in our *in vivo* efficacy models of trastuzumab-sensitive and trastuzumab-resistant HER2-low expressing BC and GC. In addition, it exhibited a favorable safety profile in our preclinical studies. We have initiated the Phase Ia/Ib trial for the treatment of advanced HER2-positive and HER2-low expressing solid tumors, including BC, GC, NSCLC and BTC, in China in February 2022. We have also initiated the clinical trial for advanced HER2-positive and HER2-low expressing solid tumors in the U.S. with the first patient dosed in June 2022. We have received the Fast Track Designation from the FDA in July 2022. We expect to largely complete the Phase Ia trials in China and the U.S. in 2023.

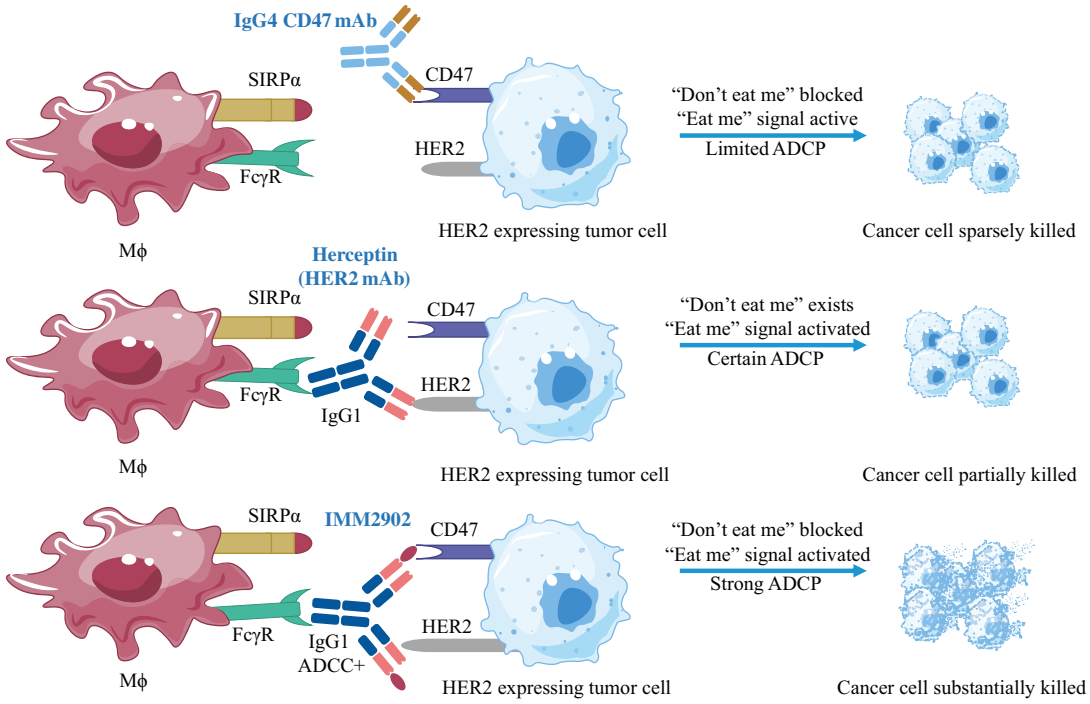
As of the Latest Practicable Date, with respect to IMM2902, we owned one patent family, which includes one issued patent in the U.S., one issued patent in Japan, four pending patent applications in the PRC, the U.S., the EU and Hong Kong, and one PCT patent application which has entered national phases.

Mechanism of Action

HER2 regulates cell proliferation and apoptosis, and amplification of HER2 gene promotes the acceleration of tumor cell growth. With the higher affinity for HER2, IMM2902 can preferentially bind to HER2 and CD47-positive tumor cells, while sparing CD47-expressing normal cells, to minimize "on-target, off-tumor" toxicity. IMM2902 can inhibit the signaling of HER2 pathway, thereby directly suppressing tumor growth and proliferation and leading to cell death. IMM2902 has been shown to accelerate the degradation of HER2, leading to tumor cell apoptosis. Moreover, it can block the "don't eat me" signal via disrupting CD47/SIRPα interaction and also activate the "eat me" signal through Fc-FcγR engagement, thereby fully activating macrophages. The IgG1 Fc fragment is further engineered to enhance ADCC activity, especially benefiting the patient population harbouring the predominantly expressed polymorphism of phenylalanine at 158 amino acid position of the Fcγ receptor IIIA (FcγRIIIA-158F). Additionally, IMM2902 is expected to potentially induce ADCT as found with amivantamab (a marketed EGFR/c-MET bispecific antibody designed with IgG1 Fc), an underappreciated mechanism of action contributing to tumor suppression. With the multi-targeting ability and multifaceted mechanisms against tumor cells, IMM2902 is expected to achieve much stronger antitumor activity at a lower dosing level, as compared to HER2 antibodies or their combination with IMM01, and efficacious even for solid tumors with HER2-low expression.

The following diagram illustrates the mechanisms of action of IMM2902 in comparison to the combination of separate agents targeting CD47 and HER2:

Mechanism of Action of IMM2902 versus Combination of CD47 mAb and HER2 mAb



Source: Company Data

Market Opportunities and Competition

According to Frost & Sullivan, HER2 overexpression is prevalent in many major cancer types, such as BC, GC, lung cancer, CRC, esophageal cancer (EC), BTC, HNSCC and cervical cancer (CC). According to Frost & Sullivan, the incidence of BC reached 2.3 million and 0.3 million worldwide and in China in 2021, respectively, and is expected to increase to 2.7 million and 0.4 million in 2030, respectively. The incidence of GC was 1.1 million and 0.5 million in 2021 globally and in China, respectively, and is expected to increase to 1.4 million and 0.6 million in 2030, respectively. The incidence of other major HER2-expressing cancers was 9.6 million and 2.5 million in 2021 globally and in China, respectively, and 12.0 million and 3.3 million in 2030 globally and in China, respectively.

While HER2 antibodies (such as trastuzumab) have been used as the standard treatment for HER2-positive BC and GC in combination with chemotherapy, around 35% of HER2-positive cancer patients have intrinsic resistance to the standard treatment, and the remaining 65% who respond to the standard treatment will eventually develop acquired resistance to the standard treatment with a median response duration of 12.5 months, resulting in disease progression. Moreover, patients with HER2-low expression who comprise about 50% of all BC cases and over 25% of GC cases do not respond to HER2 antibodies in general. Although HER2 antibody-drug conjugates (ADCs) are shown to be active in certain HER2-low expressing tumors in clinical trials, they are often associated with severe adverse effects, such as interstitial lung disease, and can sometimes be fatal. ADCs, such as Enhertu®, still present limited PFS/OS data targeting patients with certain HER2-expressing solid tumors (including GC and NSCLC), despite a much improved ORR rate. This suggests a clear need to develop novel therapeutics with a better efficacy-safety balance for patients with HER2-low expressing cancers and trastuzumab-resistant cancers.

CD47 and HER2 dual-targeting strategy may provide safer and more efficacious treatment for patients with HER2-low expressing solid tumors and those relapsed from trastuzumab treatment. To date, IMM2902 is the only CD47 and HER2 bispecific molecule that has entered into clinical stage globally. Given its multifaceted mechanisms, IMM2902 has shown potent antitumor activity in HER2-low expressing and trastuzumab-resistant solid tumor models. Thus, IMM2902 has the potential to benefit a large patient population globally, including the even larger market with HER2-low expressing solid tumors and those relapsed after prior trastuzumab treatment.

Competitive Advantages

We believe IMM2902 has the following competitive advantages:

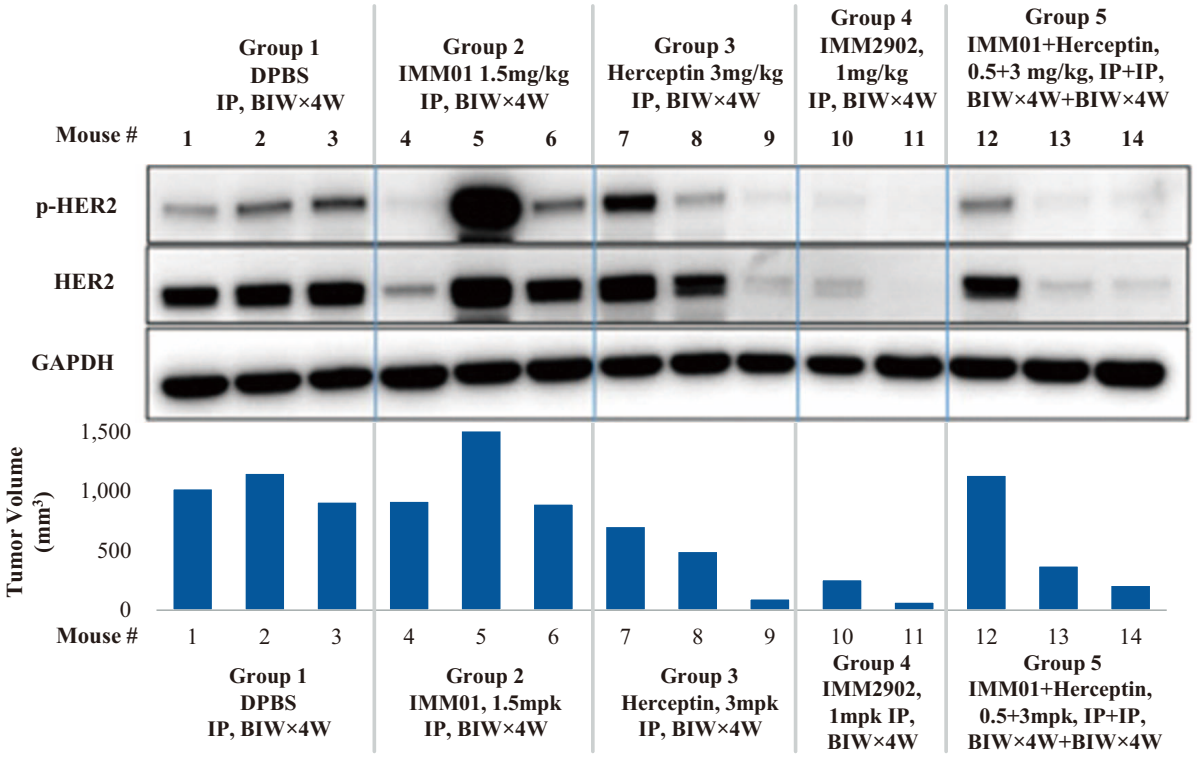
(1) Enhanced ADCC, ADCP, potentially ADCT, and accelerated HER2 degradation

IMM2902 can fully activate macrophages by activating an additional "eat me" signal, leading to phagocytosis against tumor cells, and stronger T-cell response through the secretion of immune modulatory cytokines and chemokines and boosted antigen presentation. In addition, the IgG1 Fc fragment of IMM2902 is further engineered to enhance ADCC activity. IMM2902 is also expected to potentially induce ADCT activity, another important Fc-induced mechanism observed with amivantamab (a marketed EGFR/c-MET bispecific antibody with IgG1 Fc), which works together with ADCC and ADCP to combat tumor cells. Through these mechanisms, IMM2902 can induce all-around innate and adaptive immune responses and potent tumor killing.

Further, our preclinical study showed that IMM2902 could accelerate the endocytosis and degradation of HER2, thereby resulting in robust tumor suppression. We conducted a Western blot analysis on tumor tissues to compare the HER2 protein degradation induced by IMM2902 with IMM01, trastuzumab and their combination treatment. As can be seen from the diagram below, the reduction of HER2 expression has a strong correlation to the shrinkage of tumor size. Notably, in

Group 4 where IMM2902 was administered at a lower dose level of 1 mg/kg (~0.1 mg/kg human equivalent dose) than other study arms, HER2 protein expression significantly decreased due to accelerated degradation induced by IMM2902, and consequently, IMM2902 produced the strongest tumor growth inhibitory activity among all treatment groups.

Expression Analysis of HER2 and p-HER2 by Western Blot



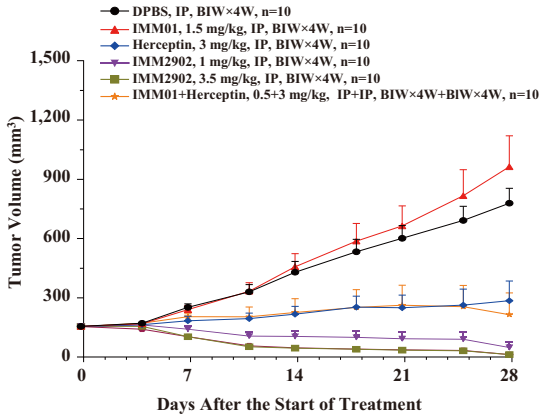
Notes: (1) The data from the Western blot analysis is representative images of the preclinical study. (2) p-HER2 refers to phospho-HER2, DPBS refers to Dulbecco's Phosphate Buffered Saline, intended to provide a buffer system for maintaining cell culture media in the physiological range of 7.2 to 7.6. (3) Ten mice per group were used in this study. (4) While the change in p-HER2 among the treated group is not significant when compared to the control group, the change in constitutive expression of HER2 in IMM2902-treated group is significantly lower than that in the control group. (5) It demonstrated that down-regulation of HER2 is one of the many important mechanisms by which IMM2902 exerts antitumor activity. Similar phenomenon could be referred to amivantamab (an EGFR×MET bispecific antibody) inducing strong *in vivo* antitumor activity via several mechanisms including down-regulation of EGFR and MET expression on tumor cells *(Mol Cancer Ther (2020) 19 (10):2044-2056)*. (6) The study primarily focus on correlations of different variables, which does not necessarily imply a causative relationship.

Source: Company Data

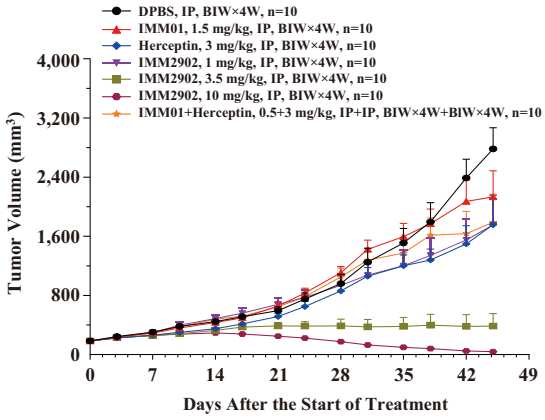
(2) Strong in vivo antitumor efficacy

A series of *in vivo* efficacy studies have been completed by two independent and reputable CROs to evaluate tumor inhibitory effects of IMM2902 in xenograft models that are sensitive or resistant to trastuzumab. These preclinical studies revealed strong antitumor activity of IMM2902 against a variety of breast and gastric tumors. As shown in the panels below, IMM2902 completely eradicated established tumors at 10 mg/kg (~1.0 mg/kg human equivalent dose) in both trastuzumab-sensitive and trastuzumab-resistant BC models. In addition, at equivalent doses, IMM2902 was significantly more efficacious than trastuzumab alone or its combination with IMM01. IMM2902 also exhibited favorable efficacy in trastuzumab-sensitive and HER2-low expressing GC models. These promising preclinical results suggest the potential of IMM2902 to treat cancer patients who have relapsed from initial trastuzumab treatment and to subsequently advance to the first-line setting.

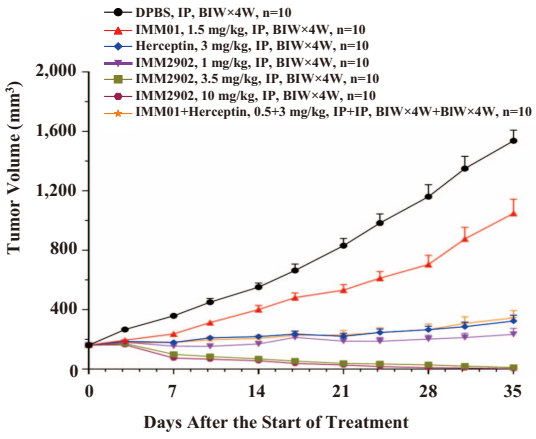
Efficacy Study in Trastuzumab-Sensitive Breast Cancer (BT474) Xenograft Mouse Model



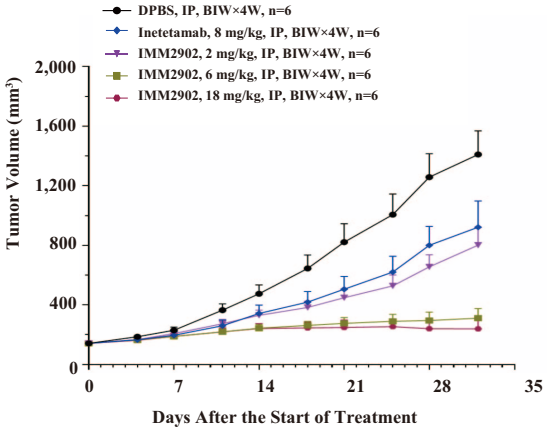
Efficacy Study in Trastuzumab-resistant Breast Cancer (HCC-1954) Xenograft Mouse Model



Efficacy Study in Herceptin-sensitive Gastric Cancer (NCI-N87) Xenograft Mouse Model



Efficacy Study in HER2-low Expressing Gastric Cancer (SNU-1) Xenograft Mouse Model

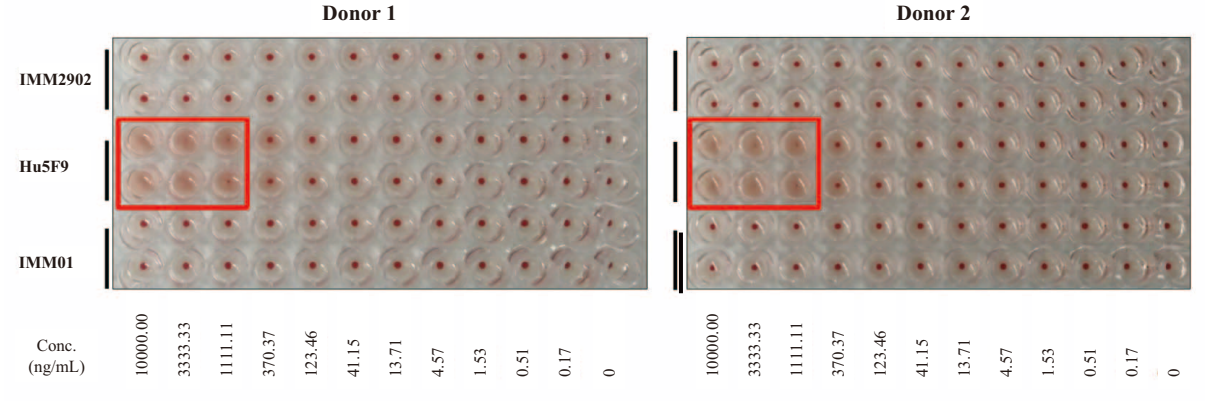


Source: Company Data

(3) Favorable safety profile with no human RBC binding in vitro

With an engineered CD47-binding domain, IMM2902 does not bind to human RBCs nor induces hemagglutination (clumping of RBCs) *in vitro*. In our preclinical studies as shown below, while magrolimab analog replicated by us based on public information induced obvious hemagglutination at the concentration beyond 370 ng/ml, IMM2902 did not induce hemagglutination even at the concentration as high as 10,000 ng/ml. In addition, IMM2902 with a higher affinity for HER2 than CD47 can preferentially bind with tumor cells co-expressing HER2 and CD47 rather than CD47-positive normal tissues (including RBCs), which further improves its safety and tolerability.

IMM2902 Does Not Induce Hemagglutination of Human Red Blood Cells



Note: Analog of magrolimab (Hu5F9) used in this study was replicated by an independent biotechnology company based on public information, which may not be exactly identical to magrolimab but can exhibit identical or very similar results in preclinical studies. When a competing drug is not available on the market, it is acceptable and common to use its analog for preclinical evaluation in the industry. Our preclinical study showed that Hu5F9 started to induce obvious hemagglutination at the concentration of 370 ng/ml, and neither IMM2902 nor IMM01 induced hemagglutination at the concentration as high as 10,000 ng/ml. The results of this preclinical study provide important guidance to predict the effects of study drugs in human. If the average blood concentration required for a drug to be effective in a human body is higher than the concentration level that induced hemagglutination *in vitro* (such as 370 ng/ml for Hu5F9 and 10,000 ng/ml for IMM2902 and IMM01), hemagglutination may be induced in human body. As the concentration of a drug in peripheral blood shortly after it is injected will be generally higher than the calculated average blood concentration for a specific dose level, and aging RBCs with poor glycosylation stuck on the walls of blood vessels are more likely to bind with CD47-targeted agents at a lower dose, the dose level that may cause hemagglutination in human could be lower than that observed in this study.

Source: Company Data

Clinical Development Plan

We initiated a Phase Ia/Ib trial for IMM2902 in advanced HER2-positive and HER2-low expressing solid tumors, including BC, GC, NSCLC and BTC, in China in February 2022, and are enrolling the sixth cohort for this dose-escalation study in China. Based on an IND approval for IMM2902 in HER2-positive and HER2-low expressing solid tumors granted by the FDA in August 2021, we have also initiated the clinical trial for advanced HER2-positive and HER2-low expressing solid tumors in the U.S. with the first patient dosed in June 2022. We have received the Fast Track Designation from the FDA in July 2022. We expect to largely complete the Phase Ia trials in China and the U.S. in 2023.

Licenses, Rights and Obligations

We are developing IMM2902 in-house and own the global rights to develop and commercialize IMM2902.

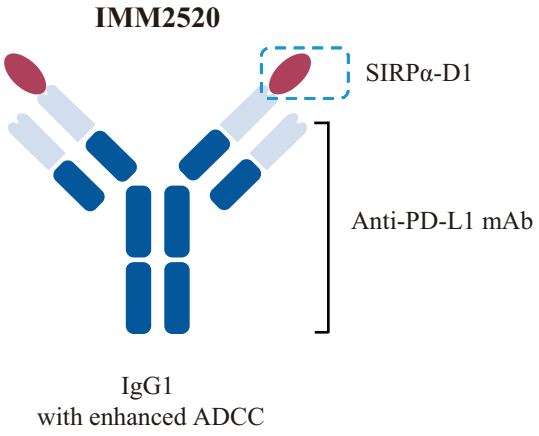
Material Communications

We had not received any regulatory agency's concerns or objections to our clinical development plans as of the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET IMM2902 SUCCESSFULLY.

IMM2520 (CD47×PD-L1) — Our Key Product

IMM2520 is a CD47 and PD-L1 dual-targeting bispecific molecule for the treatment of solid tumors. As shown in the following diagram, IMM2520 consists of a PD-L1 antibody with an engineered ADCC-enhanced IgG1 Fc region, linked to the same CD47-binding domain used in IMM01 at the N-terminus of heavy chains:



Source: Company Data

This unique structure allows our CD47-based bispecific molecules to avoid RBC binding, thus enabling the adoption of an ADCC-enhanced IgG1 Fc fragment to fully activate macrophages and induce enhanced ADCP and ADCC activity, resulting in potent integrated antitumor immune responses. We have obtained IND approvals for IMM2520 from the NMPA in November 2022 and from the FDA in December 2022, and dosed the first patient for the Phase I clinical trial in China in March 2023. We will particularly focus on the solid tumors that are generally resistant or not sensitive to the currently available immunotherapies, such as CRC, GC, lung cancer and HNSCC, among others. As of the Latest Practicable Date, with respect to IMM2520, we owned one patent family, which includes one issued patent in Japan, one allowed patent application in the U.S., one allowed patent application in the PRC, one pending patent application in the EU, and one pending PCT patent application which may enter various contracting states in the future.

Mechanism of Action

CD47 and PD-L1 serve as critical innate and adaptive immune checkpoints, respectively, as these are two key pathways frequently exploited by various cancer cells to escape immune responses. Although PD-1/PD-L1 inhibitors have been approved for the treatment of a broad range of cancers, they only produce limited responses in "cold tumors" or non-T cell-inflamed immune-suppressive TME. With its potent IgG1 Fc, IMM2520 is able to deliver the additionally required "eat me" signal via Fc-FcγR engagement, thus effectively activating macrophages to exert tumor killing activity through multiple integrated mechanisms of action. Fully activated macrophages, on the other hand, are able to transform "cold tumors" into "hot tumors" and sensitize TME to the PD-1/PD-L1 inhibition, showing great synergistic potential with T-cell activation. Moreover, the engineered IgG1 Fc region also induces enhanced ADCC mediated by NK cells, leading to direct tumor-killing effects. Due to the crosstalk among macrophages, NK cells and T cells, IMM2520 is able to unleash significant synergistic effects, fully eliciting all-around innate and adaptive immune responses and leading to profound and durable tumor

killing effects. With the higher affinity for PD-L1, IMM2520 can preferentially bind with PD-L1 and CD47 co-expressing tumor cells, rather than normal cells expressing CD47, thus minimizing "on-target, off-tumor" toxicity.

Market Opportunities and Competition

According to Frost & Sullivan, only about 10% to 25% of cancer patients are responsive to PD-1/PD-L1 inhibitor monotherapy across almost all major types of cancer, due to "cold tumors" or non-T cell-inflamed immune-suppressive TME. The incidence of the cancers for which conditions PD-1/PD-L1 can be used as monotherapy was approximately 1,060.1 thousand and 335.2 thousand in 2021 globally and in China, respectively, and is expected to increase to 1,306.5 thousand and 421.4 thousand in 2030 globally and in China, respectively. Compared to chemotherapy's average ORR of approximately 36% in various cancer indications, the addition of PD-1/PD-L1 inhibitor to chemotherapy can enhance the average ORR by approximately 14% for the treatment of those indications. In general, adding PD-1/PD-L1 inhibitors to other cancer agents (including chemotherapy, targeted therapy and other immunotherapy) can achieve an increase of approximately 16% in the average ORR in various cancers as compared to that of the other cancer agents. Since IMM2520 showed more potent antitumor effects than PD-1/PD-L1 inhibitor monotherapy in preclinical studies, IMM2520 in combination with other agents is expected to achieve improved treatment outcomes than PD-1/PD-L1 inhibitor-based combination therapies. However, macrophages are widely distributed in a broad range of tumor types and account for around 20% to 50% of cells in respective tumor tissues, presenting a huge market potential for our IMM2520. With the capability to activate macrophages and unleash their synergistic effects with T-cell activation response, IMM2520 may benefit patients who are previously not responsive to or have progressed after PD-1/PD-L1 inhibitors, thus capturing the vast worldwide market opportunities. According to Frost & Sullivan, as IMM2520 is expected to provide effective treatment for solid tumors with low response rates to PD-1/PD-L1 inhibitors it has the potential to treat a wide range of cancer indications with high macrophage infiltration, including NSCLC, SCLC, HCC, GC, HNSCC, CRC, ESCC, OC, prostate cancer, and pancreatic cancer.

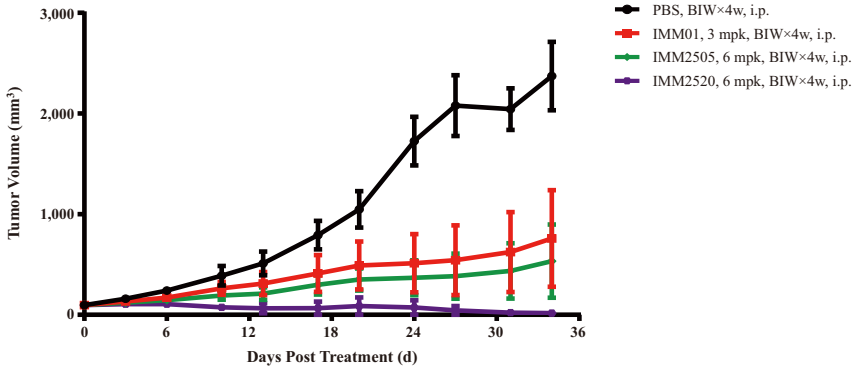
According to Frost & Sullivan, as of the Latest Practicable Date, a total of six CD47 and PD-1/PD-L1 bispecific molecules are under clinical development globally. Among those bispecific molecules, certain molecules connect the SIRPα fragment's N-terminal to the Fc end, which could interfere with CD47-binding epitope also located at its N-terminal, and further disrupt immune activation resulted from Fc-FcγR engagement. Further, due to the inevitable binding of CD47 antibodies to RBCs, several other bispecific molecules resort to an IgG4 Fc region with weak FcγR engagement. In contrast, only very few molecules preserve intact IgG1 Fc region with a better ability to engage Fc receptors and elicit stronger effector functions. IMM2520 adopts an ADCC-enhanced IgG1 Fc region and connects the C-terminal of the CD47-binding fragment to the heavy chain, allowing it to efficiently block CD47/SIRPα binding, and at the same time, activate stronger antitumor activity through potent ADCP and ADCC, thus better sensitizing TME to PD-L1 inhibitors, achieving a stronger synergistic effect.

Competitive Advantages

IMM2520 with an ADCC-enhanced IgG1 Fc can induce full macrophage activation and much improved ADCP/ADCC activity, thus maximizing the synergistic effects and significantly improving treatment outcomes of PD-1/PD-L1 inhibition, which results in stronger antitumor immune responses compared to most IgG4-based CD47 bispecific antibodies.

In addition, IMM2520 can simultaneously bind to the two targets on the same tumor cell to achieve potent synergistic effects, as compared to the combination therapy of CD47 antibodies and PD-1/PD-L1 inhibitors which require a higher dose for similar treatment efficacy. As illustrated in the diagram below, our *in vivo* efficacy studies demonstrated IMM2520's potent antitumor effects.

Efficacy Study in Colon Cancer (CT26) Syngeneic Mouse Model



Notes: (1) IMM2505 is a first-generation CD47 and PD-L1 bispecific molecule internally developed by us ; (2) Six mice per group were used in this study.
Source: Company Data

IMM2520 has also demonstrated a favorable safety profile. Its engineered CD47-binding domain is identical to IMM01's and shows no binding activity with human RBCs *in vitro*. In addition, similar to our other CD47-based bispecific molecules, we designed IMM2520 to have a higher affinity for PD-L1 than CD47, allowing it to preferentially bind to PD-L1 and CD47 co-expressing tumor cells, rather than normal cells expressing CD47, thus minimizing "on-target, off-tumor" toxicity.

Clinical Development Plan

We have obtained IND approvals for IMM2520 from the NMPA in November 2022 and from the FDA in December 2022. We dosed the first patient for the Phase I clinical trial targeting a basket of solid tumor indications, with a particular focus on those solid tumors generally resistant or not sensitive to the currently available immunotherapies, such as CRC, GC, lung cancer and HNSCC, among others, in China in March 2023.

Licenses, Rights and Obligations

We are developing IMM2520 in-house and own the global rights to develop and commercialize IMM2520.

Material Communications

We had not received any regulatory agency's concerns or objections to our clinical development plans as of the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET IMM2520 SUCCESSFULLY.

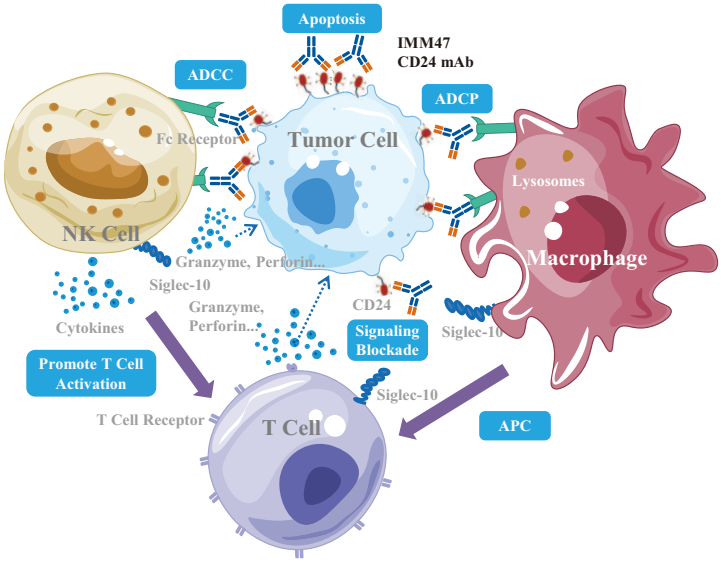
IMM47 (CD24 mAb)

IMM47 is a CD24-targeted humanized antibody we internally screened and developed with global first-in-class potential for the treatment of solid tumors. CD24 is widely expressed in numerous types of solid tumors, including BC, NSCLC, CRC, HCC, RCC and OC, and has been recognized as an important marker for poor prognosis of those cancers, presenting a huge market potential in a broad-spectrum application. According to Frost & Sullivan, there is no approved or

clinical-stage molecule targeting CD24 globally. We started the discovery research on CD24 as early as 2019, and have developed one innovative IND-enabling-stage molecule with potent *in vivo* efficacy, and multiple discovery- and preclinical-stage bispecific molecules. Recently, Pheast Therapeutics, led by Dr. Amira Barkal and Dr. Irving Weissman, the world's pioneer in CD47, revealed their move into the development of cancer therapies targeting CD24, which is expected to stir a new wave of enthusiasm for this novel next-generation immuno-oncology target across the global biopharmaceutical industry. However, the screening of monoclonal antibodies against CD24 is highly challenging due to the relatively weak immunogenicity resulting from its small extracellular domain. We have developed IMM47 and filed multiple patent applications. We expect to submit IND applications for IMM47 with the NMPA and the FDA in 2023, and subsequently initiate a Phase I clinical trial first in Australia in mid-2023 for the treatment of various solid tumor indications. Initiating a clinical trial in Australia first can help us to begin global clinical trials earlier and accelerate clinical validation of IMM47. Additionally, we believe Australian trial can generate valuable clinical data on ethnically diverse populations, thus enhancing our ability to pursue collaboration opportunities with global pharmaceutical companies.

CD24 interacts with its ligand, Siglec-10, on the surface of various immune cells, including macrophages, NK cells, T cells and B cells, leading to immune escape of tumor cells. With a high affinity for CD24, IMM47 is able to suppress the CD24/Siglec-10 inhibitory signals sent to macrophages, NK cells and T cells. With its ADCC-enhanced IgG1 Fc, IMM47 can potently activate macrophage and NK cell-immune responses through ADCP and ADCC. It has also been shown to significantly increase the amount of M1 macrophages in tumor tissues in our *in vivo* proof-of-concept studies. IMM47 can also activate and promote T-cell response likely through tumor antigen presentation by activated macrophages to T cells and direct blockade of CD24/Siglec-10 inhibitory signals. The following diagram illustrates the mechanism of action of IMM47:

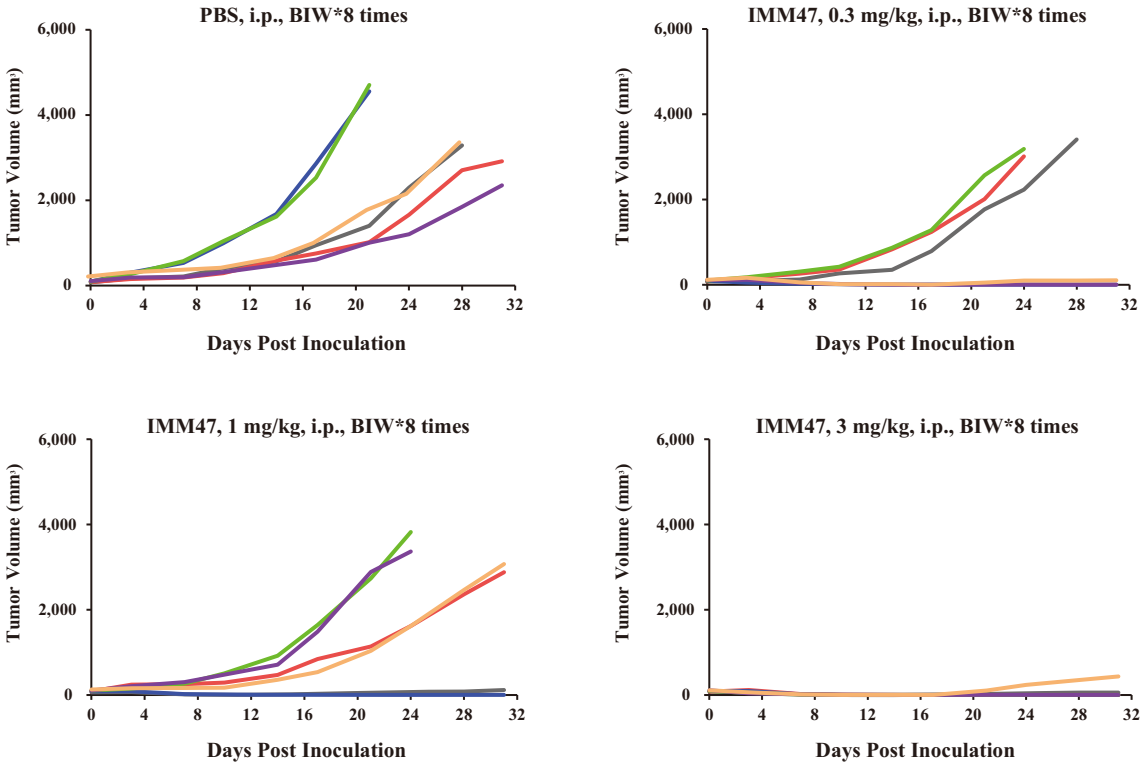
Mechanism of Action of IMM47



Source: Company Data

IMM47 has demonstrated compelling capabilities to kill tumor cells in our preclinical studies as illustrated in the diagram below. At the dose level of 3.0 mg/kg (~0.3 mg/kg human equivalent human dose), IMM47 successfully eradicated subcutaneously inoculated tumor cells in all six mice after three treatments in a colon cancer model, which demonstrated robust antitumor activity of IMM47 as monotherapy in solid tumor models.

Proof-of-Concept Study in Colon Cancer (MC38) Syngeneic Mouse Model

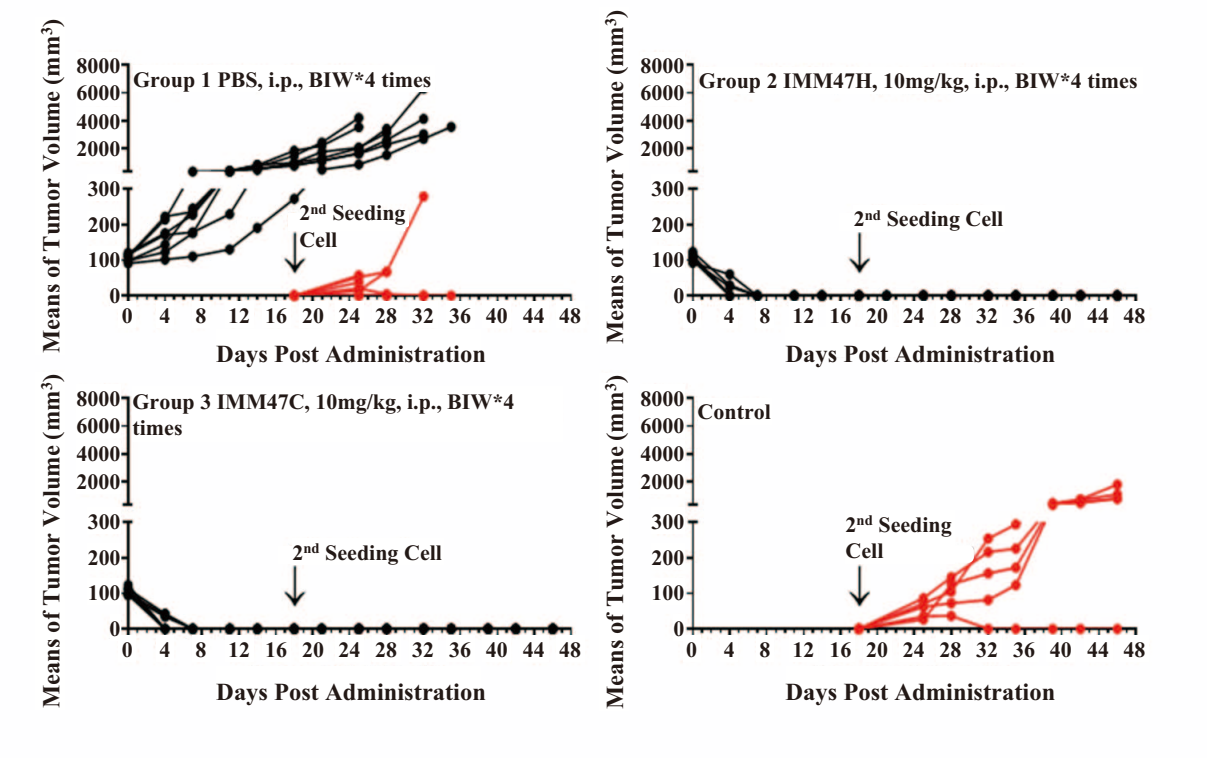


Notes: (1) Six mice per group were used in this study. (2) The colors of lines represent the different responses of the six mice in each group.

Source: Company Data

More intriguingly, IMM47C and IMM47H (both are earlier generations of IMM47) have demonstrated robust antitumor activities, leading to complete tumor eradication, with the ability to induce immunological memory against tumors in our *in vivo* preclinical studies. Mice treated with IMM47C and IMM47H established tumor-specific immune responses that prevented tumor growth even against re-inoculation of tumor cells.

Proof-of-Concept Study in Colon Cancer (MC38) Syngeneic Mouse Model

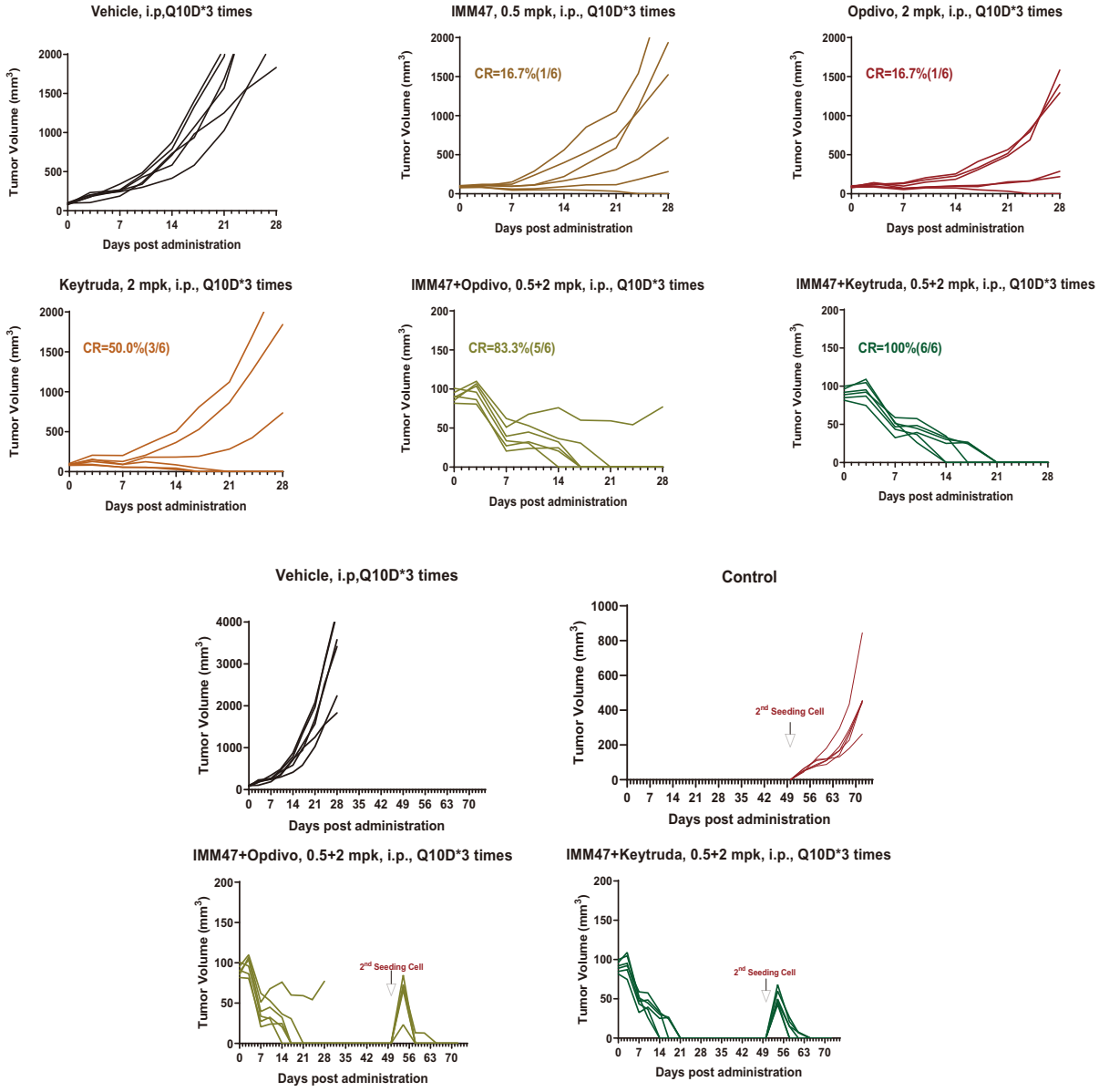


Notes: (1) IMM47C is a previous chimeric version of IMM47 and IMM47H is an earlier fully humanized version of IMM47. IMM47 revealed highly similar *in vitro* efficacy as IMM47C and IMM47H, and was eventually selected for further development; (2) Ten mice per group were used in the first seeding, with seven of the ten subsequently used in second inoculation for group 1, 2 and 3, and five used in the control group for the second seeding; (3) The colors of the lines represent the first and the second seeding respectively.

Source: Company Data

Targeting both innate and adaptive immunity, CD24-targeted drugs present a significant potential in treating a wide range of cancer indications. Given the all-around immune responses stimulated by blocking the CD24/Siglec-10 signaling pathway, they also suggest a strong synergistic potential with other immunotherapies, including PD-1/PD-L1 inhibitors. In fact, as illustrated in the diagrams below, our preclinical studies have shown that the combination of IMM47 and OPDIVO® or KEYTRUDA® can lead to a significant increase in response rates in our mouse model compared to using OPDIVO® or KEYTRUDA® alone. Furthermore, when we reinoculate the same cancer cells into mice pre-treated with IMM47 and PD-1 antibodies, tumor growth could be rapidly and completely eliminated, indicating the establishment of a tumor-specific immune response.

Proof-of-Concept Study in Colon Cancer (MC38) Syngeneic Mouse Model



As there is no approved or clinical-stage molecule targeting CD24 globally according to Frost & Sullivan, all of our CD24-targeted molecules, including CD24-targeted antibody and CD24-based bispecific molecules, are with global first-in-class potential. Although two drug candidates targeting Siglec-10 are currently under clinical development for the treatment of COVID-19, they are designed to bind with Siglec-10 to inhibit cytokine secretion and reduce COVID-19 induced immune over-reaction, exhibiting completely different mechanisms from the CD24-targeted therapies.

As of the Latest Practicable Date, with respect to IMM47, we owned one patent family, which includes one allowed patent application in the PRC, and one pending patent application in each of the U.S., the EU and Japan, and one pending PCT patent application which may enter various contracting states in the future.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET IMM47 SUCCESSFULLY.

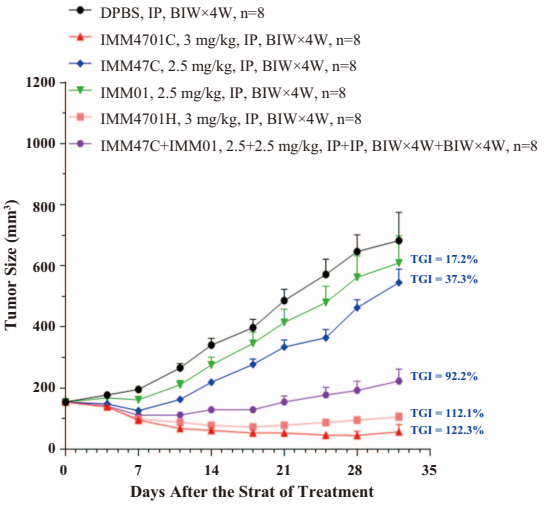
IMM4701 (CD47×CD24)

IMM4701, developed based on our mAb-Trap platform, is a bispecific molecule with the global first-in-class potential that targets both CD47 and CD24 for the treatment of solid tumors. According to Frost & Sullivan, there is no approved or clinical-stage CD24-targeted molecule globally. It has demonstrated promising antitumor activity in our *in vivo* efficacy studies. As of the Latest Practicable Date, with respect to IMM4701, we owned one patent family, which includes one allowed patent application in the PRC, and one patent application in each of the U.S., the EU and Japan, and one pending PCT patent application which may enter various contracting states in the future. Further leveraging the data observed from IMM47, we expect to file the IND applications for IMM4701 with the NMPA and the FDA for the treatment of solid tumors subsequently, and further seek collaboration opportunities with global pharmaceutical companies.

IMM4701 consists of an antibody targeting CD24 and the CD47-binding domain same as IMM01 connected to the N-terminal of the heavy chains, enabling it to adopt an ADCC-enhanced IgG1 Fc region. As simultaneous binding of CD47 and CD24 can activate key innate and adaptive immune responses and enhance the synergistic crosstalk between the two immune systems, IMM4701 demonstrates potent synergistic effects.

Our preclinical studies revealed strong and robust antitumor activities of IMM4701 against solid tumors. As shown in the diagram below, under MCF-7 xenograft TNBC model in SCID mice, IMM4701 resulted in reduced tumor size and exhibited strong potency at a low dose of 3 mg/kg (~0.3 mg/kg human equivalent dose).

Efficacy Study in Triple-negative Breast Cancer (MCF-7) Xenograft Mouse Model



Note: IMM47 revealed highly similar *in vitro* efficacy as IMM47C (a previous chimeric version of IMM47) and IMM47H (a previous fully humanized version of IMM47), and was eventually selected for the further development. IMM4701, IMM4701C and IMM4701H were developed based on IMM47, IMM47C and IMM47H, respectively.

Source: Company Data

As discussed above, CD24-targeted molecules present strong potential in treating a wide range of cancer indications. Currently, our IMM4701 is the only reported CD24-targeted bispecific molecule under development for tumor treatment worldwide, which demonstrates the global first-in-class potential. In addition, leveraging the synergistic effects between innate and adaptive immunity, IMM4701 could also be a promising combination partner with PD-1/PD-L1 inhibitors.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET IMM4701 SUCCESSFULLY.

IMM51 (IL-8 mAb)

We are developing IMM51, a monoclonal antibody that targets IL-8, for the treatment of solid tumors. IL-8 is a chemokine that mediates the inflammatory process and functions as a significant regulatory factor within the TME. A high level of IL-8 expression correlates with poor prognosis and short survival time of cancer patients. Given the effects of IL-8 signaling on a variety of effectors and downstream targets, suppressing IL-8 signaling may be an effective therapeutic intervention in targeting the TME. By blocking IL-8, IMM51 can potentially suppress tumor progression and metastasis, and sensitize cancer cells to PD-1/PD-L1 inhibition and other treatments. According to Frost & Sullivan, currently there is only one clinical-stage molecule targeting IL-8 worldwide, that is BMS-986253 being evaluated in a Phase I/II trial.

We are evaluating the toxicity and pharmacological effects of IMM51 in a number of *in vitro* and *in vivo* preclinical studies. Our *in vitro* studies have demonstrated IMM51's favorable binding activity and affinity, as well as its strong capability of blocking the binding of IL-8 with CXCR1 and CXCR2 receptors. We plan to continue to conduct preclinical studies to further evaluate IMM51, including *in vivo* studies.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET IMM51 SUCCESSFULLY.

OUR ADAPTIVE IMMUNE CHECKPOINT-TARGETED CANDIDATES

We have also established a strong pipeline of multiple adaptive immune checkpoint-targeted drug candidates to capture the promising worldwide market opportunities for immunotherapies targeting adaptive immune checkpoints. These drug candidates have also shown significant promise when used in combination with our innate immune drug candidates. Our adaptive immune checkpoint-targeted candidates mainly include: (i) IMM2510 (VEGF×PD-L1), (ii) IMM27M (CTLA-4 mAb with enhanced ADCC activity), (iii) IMM40H (CD70 mAb), and (iv) multiple drug candidates in the discovery and preclinical stage, including IMM2518, a second-generation VEGF×PD-L1 bispecific molecule.

IMM2510 (VEGF×PD-L1)

IMM2510 is a bispecific molecule with the mAb-Trap structure that targets VEGF and PD-L1 for the treatment of solid tumors. Drugs targeting VEGF and PD-L1, which are clinically validated targets, have demonstrated potent synergistic effects when used in combination. By targeting VEGF and PD-L1, IMM2510 is able to activate T-cell tumor killing activities and simultaneously inhibit tumor angiogenesis and tumor growth. Moreover, IMM2510 can also activate NK cells and macrophages through Fc-mediated ADCC/ADCP activities. With respect to IMM2510, we owned one patent family, which includes one issued patent in the U.S., one issued patent in Japan, one allowed patent application in the PRC, one pending patent application in each of the EU and the U.S., and one PCT patent application which has entered national phases, as of the Latest Practicable Date.

Mechanism of Action

Tumor cells expressing PD-L1 can bind to PD-1 on the surface of T cells to evade T-cell attacks. PD-L1 antibodies could block the PD-1/PD-L1 pathway and thus activate T cells, which has demonstrated robust antitumor activities in a broad range of solid tumors. VEGF, as a dynamic angiogenic factor, is up-regulated in many tumor indications, which contributes to angiogenesis and tumor growth. Inhibiting VEGF can reduce VEGF-mediated tumor angiogenesis and inhibit immune suppression, thus promoting the activation of T-cell immune responses.

The powerful synergistic effect between these two targets has been evidenced by anti-PD-1/PD-L1 and anti-VEGF combinations approved for an array of cancer indications, including RCC, NSCLC, HCC and CC. Anti-PD-1/PD-L1 and anti-VEGF combinations, such as TECENTRIQ® (atezolizumab) and AVASTIN® (bevacizumab), are recommended as first-line treatment for late-stage HCC. We connect VEGFR1-D2 (the second extracellular domain of VEGFR1) to the N-terminal of the heavy chain of a PD-L1 antibody with an ADCC-enhanced IgG1 Fc fragment. Through ADCC-enhanced IgG1 Fc, IMM2510 can further activate NK cells and macrophages through strengthened Fc-mediated ADCC/ADCP activities to promote innate and subsequent adaptive immune responses.

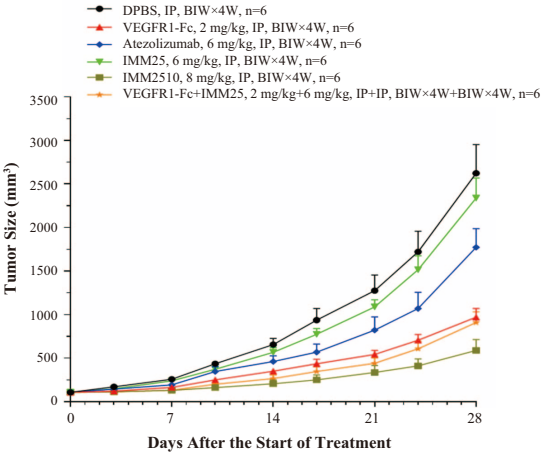
Market Opportunities and Competition

We believe there is a significant market opportunity for IMM2510 as a bispecific molecule targeting PD-L1 and VEGF which combines multiple mechanisms. Currently, PD-1/PD-L1 inhibitors or VEGF blockers have been approved for many cancer indications, and the combination use of these two have also demonstrated robust efficacy in clinical settings for the treatment of a wide range of cancers, indicating huge market opportunities for our IMM2510. For example, PD-1/PD-L1 inhibitors have been approved in BC, HCC, RCC, GC, NSCLC, SCLC, and EC. VEGF blocking agents have been approved in CRC, HCC, NSCLC, GC, RCC, OC and CC. In comparison to the combination therapies, a well-designed bispecific molecule has a competitive edge due to the synergistic effects between the two targets and much lower costs when used as a single agent, having the potential to address the significant market opportunities.

Competitive Advantages

According to Frost & Sullivan, there are currently four bispecific molecules simultaneously targeting VEGF and PD-L1 in the global pipeline, two of which have no active IgG1 Fc fragment with potent effector function. Through angiogenesis inhibition and T-cell activation, IMM2510 with ADCC-enhanced IgG1 Fc can modulate the TME and lead to substantially improved therapeutic efficacy. As illustrated by the below diagram, our *in vivo* efficacy studies showed that IMM2510 had a better efficacy profile than the VEGF or PD-L1 antibodies used as a single agent or in combination. In addition, compared to combination therapies, IMM2510 presents a tremendous competitive advantage with respect to affordability for patients.

Efficacy Study in Breast Cancer (MDA-MB-231-Luc) Xenograft Mouse Model



Source: Company Data

The initial results of the Phase I clinical trial have revealed a promising efficacy signal. Our preliminary clinical data as of February 15, 2023 has demonstrated that IMM2510 was safe and tolerable up to 10.0 mg/kg in patients with advanced solid tumors, and we are currently evaluating patients for 10.0 mg/kg dose cohort. Among the two evaluable NSCLC patients in the trial so far, we have observed PRs in both patients with best tumor shrinkage response of 46% and 35% respectively. Dose escalation is still ongoing.

Clinical Development Plan

We commenced the Phase I dose-escalation trial for IMM2510 in China in August 2021 for the treatment of a variety of advanced solid tumors, including but not limited to, HCC, RCC, GC, NSCLC and STS. We expect to complete the Phase I clinical trial in mid-2023 and initiate the Phase II clinical trial in 2023 in China.

Licenses, Rights and Obligations

We are developing IMM2510 in-house and own the global rights to develop and commercialize IMM2510.

Material Communications

We had not received any regulatory agency's concerns or objections to our clinical development plans as of the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET IMM2510 SUCCESSFULLY.

IMM27M (CTLA-4 ADCC-enhanced mAb)

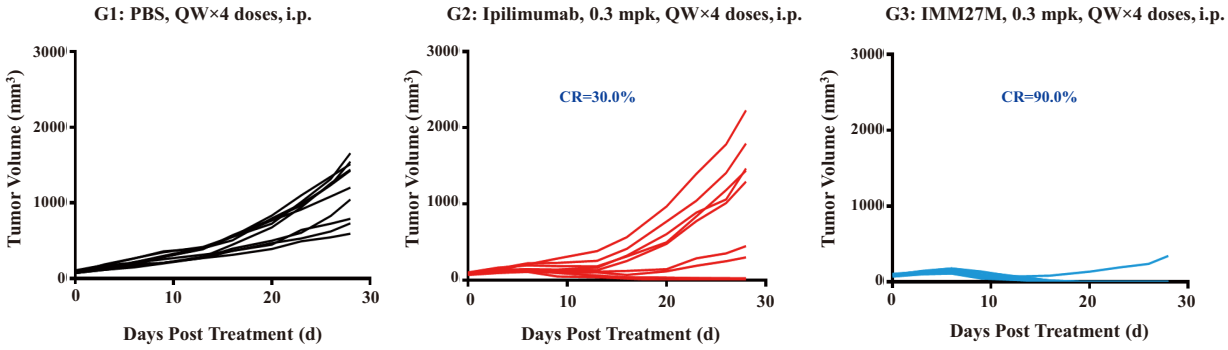
IMM27M is a new generation CTLA-4 antibody with enhanced ADCC activity through genetic engineering modification. We have commenced the Phase I clinical trial targeting solid tumors, with the first patient dosed in June 2022. We expect to complete this trial in mid-2023.

As a protein receptor that can be found on the activated T cells, CTLA-4 can downregulate immune responses by binding to CD80/CD86, its natural ligands found on the surface of antigen presenting cells, delivering inhibitory signal and thus suppressing T-cell immune function. CTLA-4 antibodies can block the interaction between CTLA-4 and CD80/CD86, and thus enhance immune responses of T cells to tumor antigens. Though CTLA-4 is a clinically validated target, so far there is only one approved product globally.

Recent studies on CTLA-4 have further revealed that its key mechanism for tumor suppression is T_{reg} depletion. CTLA-4 antibodies deplete T_{reg} cells in the TME, inducing immune attacks against tumor cells. The currently approved CTLA-4 antibody with unmodified Fc shows limited efficacy, thus requiring a high dosage to achieve desirable efficacy which leads to serious safety issues. We thus designed IMM27M with enhanced ADCC modification through genetic engineering. With augmented ADCC activities, IMM27M is able to induce enhanced immune responses targeting CTLA-4 overexpressed T_{reg} cells and promote T_{reg} depletion, thus improving T-cell antitumor response to kill tumor cells.

As expected, our *in vivo* efficacy studies demonstrated that IMM27M could induce a significantly stronger antitumor activity than ipilimumab and result in complete tumor remission even at a dose as low as 0.3 mg/kg (~0.03 mg/kg human equivalent dose), as illustrated in the diagrams below:

Efficacy Study in Colon Cancer (MC38) Syngeneic Mouse Model



Notes: (1) Ten mice per group were used in this study. (2) The colors of lines represent different groups using different drugs or drug candidates.
Source: Company Data

We have commenced the Phase I clinical trial targeting solid tumors, with the first patient dosed in June 2022. We had enrolled 15 patients as of February 10, 2023, and we are currently enrolling patients for the sixth cohort of 5.0 mg/kg. The preliminary data demonstrates that IMM27M is safe and well tolerated up to 3.0 mg/kg. We have observed 4 SDs in this trial so far, among whom one patient with breast carcinoma who had six lines of prior treatment has achieved SD with tumor shrinkage of 28.8% at 3.0 mg/kg, and one patient with metastatic melanoma has achieved SD with tumor shrinkage of 22.9% at 2.0 mg/kg. We expect to complete this trial in mid-2023. In addition to its strong efficacy as a monotherapy, IMM27M could be used in combination with PD-1 antibodies targeting a wide range of solid tumor indications, as IMM27M could promote T_{reg} depletion and T-cell activation, inducing overall immune responses to fight tumor cells. Moreover, we received an IND approval from the NMPA for a Phase Ib/II study to evaluate the combination of IMM27M and a PD-1 antibody for the treatment of advanced solid tumors, such as RCC, NSCLC, GC and TC, in March 2023. We may initiate clinical trials or explore collaboration opportunities for this combination therapy.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET IMM27M SUCCESSFULLY.

IMM40H (CD70 mAb)

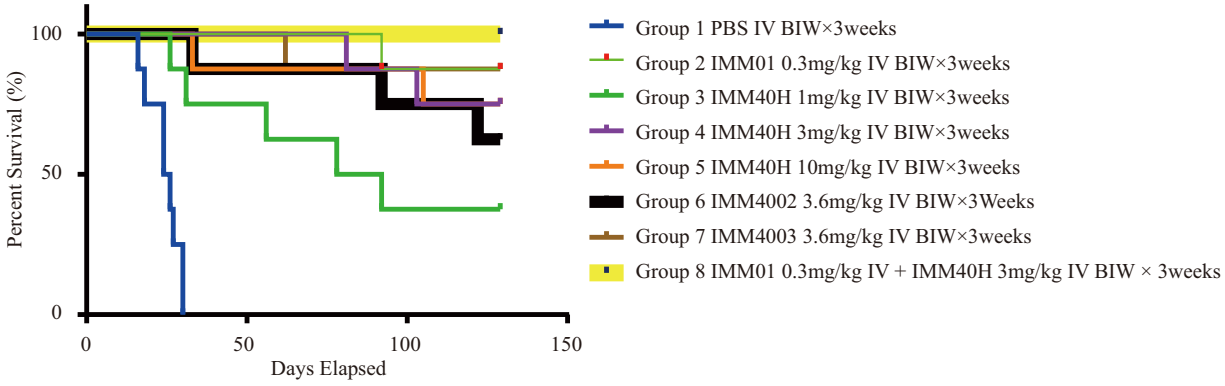
IMM40H is a humanized IgG1 CD70 monoclonal antibody, which demonstrates robust tumor-killing properties and strong synergy when combined with IMM01. CD70 could be targeted for the treatment of liquid and solid tumors. We have obtained IND approvals for IMM40H from the NMPA and the FDA in August 2022, and may initiate Phase I clinical studies or pursue potential collaboration opportunities. We are one of the first few companies to develop molecules targeting CD70 globally. With respect to IMM40H, we owned one patent family, which includes one allowed patent application in the U.S., one allowed patent application in the PRC, one patent application in each of the EU and Japan, and one pending PCT patent application which may enter various contracting states in the future, as of the Latest Practicable Date.

A significant level of CD70 can be detected in various types of tumor tissues and CD27 is expressed on T_{reg} cells. The interaction between CD70 and CD27 can stimulate the proliferation and survival of cancer cells and increase the level of soluble CD27, which is associated with a low survival rate in patients with lymphoma and certain solid tumors. IMM40H can bind with CD70 on

tumor tissues and obstruct the activation and proliferation of T_{reg} cells through the inhibition of CD70-CD27 signaling. As evidenced by *in vitro* cell-based assay, IMM40H has shown a much stronger CD70-binding affinity than cusatuzumab (a CD70-targeted antibody developed by Argenx and currently in Phase II stage), which allows IMM40H to block the interaction of CD70 and CD27 more effectively. Moreover, IMM40H has also demonstrated potent ADCC, CDC and ADCP activity, resulting in strong immune attacks on tumor cells and potentially potent therapeutic efficacy. Our preclinical data also suggests a favorable safety profile of IMM40H. According to Frost & Sullivan, CD70 could potentially be an effective therapeutic target for the treatment of CD70-positive tumors, including CD70-positive lymphoma, RCC, NSCLC, HNSCC and OC.

IMM40H has exhibited strong antitumor activity in our preclinical studies. Additionally, strong synergism between IMM01 and IMM40H has been observed *in vivo*. As shown in the diagram below, the combination therapy of IMM01 and IMM40H has demonstrated strong treatment efficacy:

Efficacy Study in Lymphoma (Raji) Orthotopic Mouse Model



Note: Eight mice per group were used in this study.
Source: Company Data

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET IMM40H SUCCESSFULLY.

OUR PLATFORM

We have established an integrated platform encompassing three main functions: (i) drug discovery and preclinical development, (ii) CMC and pilot manufacturing, and (iii) clinical development. Leveraging the collaboration among different functional groups, our platform empowers us with robust research and development capabilities, allowing us to efficiently discover and advance the development of next-generation immunotherapies towards commercialization. As a result, we have constructed a comprehensive pipeline consisting of over ten innovative drug candidates targeting both innate and adaptive immune systems, with eight ongoing clinical programs.

Drug Discovery and Preclinical Development

Led by Dr. Tian and Mr. Song Li, our dedicated drug discovery team consisted of 19 experienced and capable members as of the Latest Practicable Date. This team is responsible for, among others, target screening, molecule (including bispecific molecule) design, optimization, validation and development, cell-line development, and lab scale test process development. Dr. Tian and Dr. Deqiang Jing are the inventors of IMM01, our Core Product. Guided by Dr. Tian, and with joint efforts of other members of our drug discovery team, Mr. Song Li (vice president of research and development), Mr. Ruliang Zhang (deputy general manager and senior vice

president), Ms. Wei Zhang (director of up-stream processing), Mr. Xiaoping Tu (director of downstream processing), Ms. Li Zhang (director of quality control), Ms. Fengli Huang (director of quality assurance) and Mr. Dianze Chen (assistant director of research and development), further conducted the preclinical development of IMM01. Dr. Tian and Mr. Song Li are the inventors of all of our key products, IMM0306, IMM2902 and IMM2520, and are also responsible for the preclinical development of those drug candidates together with Mr. Ruliang Zhang, Ms. Wei Zhang, Mr. Xiaoping Tu, Ms. Li Zhang, Ms. Fengli Huang, Mr. Dianze Chen and other members of our drug discovery team.

Our solid drug discovery and preclinical platform includes advanced hybridoma technology, high-throughput screening, strong immunoassay and bioassay technology, and a proprietary bispecific mAb-Trap platform. These integrated platforms allow us to efficiently conduct screening for lead compounds and druggability analysis. Our established preclinical development function enables us to perform studies concerning proof-of-concept *in vivo* efficacy, preclinical PK and pharmacodynamic (PD), and toxicity in animals. Leveraging our strong drug discovery and preclinical development capabilities, we are developing over ten drug candidates at various stages. These in-house developed drug candidates all have the potential to be either first-in-class or best-in-class drugs if successfully advanced to the market:

- *mAb-Trap bispecific platform:* Guided by our insights in tumor biology and immunology and our "DbD" concept, we have built the mAb-Trap bispecific platform, which is best suited for the targets we have selected, to effectively facilitate our science-driven drug design and development. Leveraging this mAb-Trap platform, we have constructed a number of bispecific molecules and four of them (i.e., IMM0306, IMM2902, IMM2510 and IMM2520) have entered into clinical development stage. The bispecific molecules developed based on this platform have a symmetric structure, akin to that of native antibodies, allowing for ease of manufacturing, product stability, higher titer and protein yield. This structure makes the CMC process and production by standard antibody manufacturing techniques more feasible. The average protein yield for IMM0306, IMM2902, and IMM2520 ranges from 3.8g/L to 4.6g/L, much higher than the industry average for bispecific molecules of 1.0g/L to 3.0g/L.

- *hybridoma technology:* With proprietary hybridoma technology and know-how, we can effectively accomplish the immunization of mice with particular target antigens and efficiently identify and optimize antibody fragments with higher specificity, affinity and other required properties for respective targets. We are currently using this hybridoma technology to screen therapeutic monoclonal antibodies for several new targets, for which no drug has yet been approved globally;

- *high-throughput screening:* Utilizing our high-throughput screening technology, we have identified molecules that have desirable characteristics for further cost-efficient development. This allows us to rapidly advance our assets to the preclinical and clinical evaluation stage and accelerate the drug development process. IMM40H and IMM47 are two excellent examples of using our hybridoma technology and high-throughput screening for innovative antibody drug development;

- *immunoassay and bioassay technology:* Our well-established comprehensive immunoassay and bioassay technology includes, among others, an assay of ADCC, CDC, and ADCP, Jurkat-CVR (Chimeric VEGF Receptor) cell line used for bioassay of VEGF/VEGFR-targeted drug development, Jurkat-CPR (Chimeric PD-1 Receptor) cell line used for bioassay of PD-1/PD-L1 antibody drug development, and Jurkat-CSR (Chimeric SIRPα Receptor) cell line used for bioassay of CD47/SIRPα targeted drug development, immunoassay of receptor occupancy, cytokine release assay, antibody-induced receptor internalization and signal transduction assay. These in-house developed technologies allow us to screen drug candidates effectively and precisely.

CMC and Pilot Manufacturing

Our CMC and regulatory affairs team, consisting of 45 members as of the Latest Practicable Date, is responsible for, among other relevant functions, cell line development, upstream and downstream process development, formulation development, analytical method development and validation, and pilot manufacturing. For cell line development, we developed a CHO-K1 host cell line with glutamine synthetase gene knocked out via gene editing. The resulting host cell line, named CHOK1-GSKO, has passed the inspections and audits by qualified third parties, was certified to be compliant with GMP standards, and has been validated for use in multiple clinical programs. We have also developed and optimized the cell line screening techniques which significantly help shorten the time for the development of stable expression cell lines with much higher titers.

We have established substantial pilot manufacturing capabilities with the scale of 450L. With our GE and Thermo Fisher single-use mammalian cell bioreactors, AKTA™ Process protein chromatography purification system, quality analysis platform and quality assurance system in accordance with GMP requirements, we are able to manufacture high-quality drug candidates in-house in an efficient and cost-effective manner.

Considering the benefits of having our own self-sufficient manufacturing facilities, we intend to strategically expand our GMP-compliant manufacturing capacity, while improving efficiency and cost-effectiveness. We have already commenced the construction of our new manufacturing facility occupying a site area of approximately 28.7 thousand square meters in Zhangjiang Science City, Pudong New Area of Shanghai, which is designed to meet the stringent cGMP standards. We plan to complete the first stage of construction by 2025, and plan to commence the second stage of construction depending on the schedule of regulatory approval and sales ramp-up of our drug portfolio in the future. Once completed, the manufacturing facility will provide us with an additional 12,000L manufacturing capacity.

We currently also collaborate with CMOs/CDMOs for the manufacturing of a portion of our drug candidates for preclinical studies and clinical trials. We have adopted procedures to ensure that production qualifications, facilities and processes of CMOs/CDMOs comply with the relevant regulatory requirements and our internal guidelines. We selected our CMOs/CDMOs by carefully reviewing and considering various factors, including their qualifications, expertise, production capacity, geographic proximity, reputation and costs.

Clinical Development

Our capable clinical development function is responsible for clinical trial design and implementation, as well as translational medicine. We also engage CROs and consultants in China and the U.S. to support our clinical trials. We have established long-standing partnerships with hospitals and principal investigators throughout China and the U.S., which enables us to conduct multiple large-scale clinical trials. In addition, our medical function allows us to analyze preclinical and clinical data to guide our clinical strategy, as well as the design and timely adjustments of clinical development plans.

As of the Latest Practicable Date, our clinical development team was comprised of 45 members, among whom 11 hold doctorate degrees or are medical doctors and 12 hold master's degrees. This team is led by Dr. Qiying Lu, who has around 20 years of experience in clinical practice and innovative oncology drug development with multinational pharmaceutical companies and biotechnology companies, including GlaxoSmithKline, AstraZeneca, and Pfizer, and Dr. Frank Xiaodong Gan, who brings us over 25 years of experience in preclinical and clinical development in academia and the biopharmaceutical industry and had led numerous global clinical development of various drug candidates for multinational pharmaceutical companies, including Merck & Co., Bristol Myers Squibb, Eli Lilly and Janssen. During the Track Record Period, the operation of our

clinical programs had been directly managed and driven by our clinical operation directors, supported by our project manager and clinical research associates for each clinical program. We also have a dedicated clinical medical team in charge for formulating trial protocol, reviewing clinical data, as well as adjusting and adapting clinical development plan in a timely manner based on signals and data observed in clinical trials. The clinical operation directors and clinical medical team collectively reported to the vice president of clinical research, prior to the joining of Dr. Lu. Before Dr. Lu joined us, we had completed the Phase I trial of IMM01 monotherapy, and we were continuously advancing a number of clinical trials of our drug candidates in China, including the Phase Ib/II trial of IMM01 in combination with azacitidine, the Phase I trial of IMM0306, the Phase I trial of IMM2902, and the Phase I trial of IMM2510. The leadership of Dr. Lu and Dr. Gan further strengthen the capabilities of our clinical development function, propelling multiple drug candidates into next clinical stage in China and/or the U.S., including the Phase II trial of IMM01 in combination with azacitidine, the Phase Ib/II trial of IMM01 in combination with tislelizumab, the Phase I trial of IMM2902 in the U.S., and the Phase I trials of IMM27M and IMM2520, and the Phase II trial of IMM0306. The leadership team of our clinical development department is generally responsible for the formulation of the clinical strategy and supervision of overall clinical development of our Core Product and Key Products, and our clinical operation directors are responsible for carrying out the execution of respective clinical programs of our drug candidates.

Our strong clinical development team is extensively involved in substantially all stages of our clinical trials, including trial protocol design, selection of investigators and sites, and management of our clinical trial programs. We design protocols and clinical trials in-house to maintain clinical operational excellence. We utilize adaptive clinical trial design to achieve efficiency in drug development processes and potentially accelerate approvals for our drug candidates. Leveraging extensive knowledge and experience in managing clinical trials, our clinical development experts are particularly good at identifying unique therapeutic opportunities for our drug candidates based on the differentiating properties observed in the trials and improving their clinical plans accordingly.

We employ in-house medical research team to monitor treatment response in clinical trials, analyze clinical results, timely adapt clinical trial designs, and potentially discover predictive biomarkers to guide the design and execution of clinical studies. Our medical function allows us to validate mechanisms of action and drug resistance mechanisms, increasing the success rate of our clinical trials.

As is customary in the pharmaceutical industry, we use CROs to conduct and support our preclinical studies and clinical trials under our close supervision and overall management. We have selected CROs weighing various factors, such as their qualifications, expertise, experience, reputation and costs. Our cooperative relationship with CROs is based on specific projects. The preclinical CROs generally provide services related to preclinical toxicity and safety evaluations (such as animal studies), and *in vivo* pharmacology and PK studies under our study design. The clinical CROs mainly provide us with assistance in our conduct of clinical trials, including trial preparation, clinical monitoring, medical monitoring, and project management. We have exploited the CROs' professional expertise to facilitate optimal site selection, timely patient recruitment and efficient conduct of complex clinical trials. We carefully supervise the CROs to ensure that they perform their duties in a manner that complies with our protocols and applicable laws and protects the data integrity.

Below is a summary of the key terms of an agreement we typically enter into with our CROs:

- Services. The CRO provides the high-quality services to us, including the implementation and management of a preclinical or clinical research project as specified in the agreement.
- Term. The CRO is required to perform its services and complete the preclinical or clinical research project within the prescribed time limit set out in each agreement.
- Payments. We are required to make payments to the CRO in accordance with the payment schedule agreed by the parties.
- Intellectual property rights. We own all intellectual property rights arising from the preclinical or clinical research project.
- Risk allocation. Each party should indemnify the other party for losses caused by its fault or gross negligence.

COMMERCIALIZATION

We plan to recruit capable marketing professionals and develop our capabilities of commercialization. As our current pipeline of drug candidates comes to the market, we will build up our commercialization and distribution capabilities as well as seek commercialization partnerships with other pharmaceutical industry players to maximize the reach of our product offering and expedite market acceptance of our products.

COLLABORATION AGREEMENT

Collaboration with Sunshine Guojian

On January 18, 2021, we entered into a joint drug development collaboration agreement with Sunshine Guojian, an innovative biopharmaceutical company in China. Pursuant to this agreement, the parties will collaborate to conduct clinical studies to evaluate the combination therapy of a HER2 monoclonal antibody inetetamab and IMM01 for the treatment of HER2-positive solid tumors in mainland China (excluding Hong Kong, Macau and Taiwan). Given the preclinical effects of the combination of CD47 and HER2 targeted therapies, this collaboration allows us to further expand IMM01's market in a cost-efficient manner by leveraging the funds and resources of Sunshine Guojian. During the Track Record Period and up to the Latest Practical Date, except as disclosed in the paragraphs headed "Directors, Supervisors and Senior Management" in the document and a limited amount of CDMO services provided by Sunshine Guojian, there were not any past or present relationships or dealings (including family, business, employment, trust, financing or otherwise) between the Company and Sunshine Guojian, their respective substantial shareholders, directors or senior management, or any of their respective associates.

Pursuant to the agreement, Sunshine Guojian is responsible for the design of the clinical study protocol, coordination with the CROs and regulatory filings related to each phase of clinical studies. Sunshine Guojian is entitled to determine potential indications for the clinical development of this combination therapy. During the term of this agreement, we will not conduct, or supply drugs for, any clinical study of IMM01 in combination with other HER2 antibodies for the indications selected by Sunshine Guojian in mainland China, unless the collaborated clinical studies of this combination therapy for such selected indication fail. Sunshine Guojian has final decision-making authority with respect to all material matters in relation to the clinical studies, including but not limited to, the preparation and modification of the clinical trial protocols, of this combination therapy for selected indications.

Each party will supply its product for the purpose of clinical studies at its own cost. All costs incurred in the clinical studies in mainland China will be borne by Sunshine Guojian, except for certain costs to be borne by us as provided in the agreement, which include the cost of supplying IMM01, the costs of assigning our own representatives to participate in the clinical development and regulatory communications, and providing related technology support. Upon Sunshine Guojian's request, we may execute clinical studies evaluating this combination therapy with the costs and expenses borne by Sunshine Guojian.

Each party retains ownership of intellectual property rights in its own product. Any new data generated and intellectual property rights (including patents) arising from collaborated clinical studies will be jointly owned by both parties, and can be used free of charge in manufacturing and commercialization activities of each party. If we grant licenses for the use of such new data and intellectual property rights arising from collaborated clinical studies to third parties, we will pay 70% of our gains from the relevant licensing arrangement to Sunshine Guojian, since both parties agree that it is commercially reasonable for Sunshine Guojian to enjoy the majority of fees from the licensing arrangement to the extent related to data and IP generated from the collaborated clinical trials as Sunshine Guojian carries the burden of financing those clinical trials. We retain full rights to commercialize IMM01 worldwide. Except for the aforementioned costs and fees arrangements, there are no upfront, milestone or other payment arrangements under this agreement.

This agreement, unless terminated earlier, will continue until the completion of the clinical studies for this combination therapy. This agreement can be terminated upon (i) mutual consent, or (ii) written notice by either party in the event of the other party's uncured breach. With respect to any dispute that cannot be resolved by negotiation, either party can submit such dispute to binding and final arbitration.

This agreement was negotiated and approved on an arm's length basis and determined based on normal and fair commercial terms considering the therapeutic potential of this combination therapy, the uniqueness of IMM01 and the potential economic gain for each party.

INTELLECTUAL PROPERTY

Our intellectual property is an important component of our business. We rely on a combination of patent and other intellectual property, as well as confidentiality procedures, non-disclosure agreements, employee non-disclosure and invention assignment agreements, and other contractual restrictions to establish and protect our commercially important technologies, inventions and know-how related to our business. While we believe our intellectual property rights and applications in the aggregate are important to our competitive position, no single intellectual property right or application is material to our business as a whole.

As of the Latest Practicable Date, we owned (i) four issued patents and five allowed patent applications in the PRC, (ii) six issued patents and two allowed patent applications in the U.S., (iii) nine issued patents and two allowed patent applications in other jurisdictions, and (iv) 29 patent applications, including two pending PRC patent applications and one PRC patent application filed as a priority application, one pending Hong Kong patent application, six pending U.S. patent applications, six PCT patent applications which have entered into national phases, four pending PCT patent applications which may enter various contracting states in the future, and nine pending applications in other jurisdictions. As reviewed and advised by our legal advisor as to intellectual property laws, material aspects (e.g. constructs, sequences or indications under development) of the Company's Core Product and Key Products can be covered by certain granted patents or pending patent applications in the PRC and the U.S. Furthermore, the Company has allowed or pending patent applications in the PRC and the U.S. to cover material aspects (e.g. constructs, sequences or indications under development) of relevant drug candidates. Please refer to the paragraph headed "Statutory and General Information — Further Information about the Business of our Company — Our Material Intellectual Property Rights" in Appendix VI to this document for further information of our material intellectual property rights.

The following table sets forth the portfolio of patents and patent applications material to our business operations as of the Latest Practicable Date (for each drug candidate, all the counterparts in its related patent family are set forth in the following table):

Drug Candidate	Title of Invention	Application Number	Filing Date[1]	Inventors	Jurisdiction	Status[2]	Grant Date	Estimated Expiration Date
IMM01 (SIRPα-Fc)	Novel Recombinant Bi-functional Fusion Proteins, Preparation and Use Thereof (SIRPαD1-Fc)	201510203619.7	April 24, 2015	Lijuan Liu, Deqiang Jing, Hua Wang[3]	PRC	Granted	January 15, 2019	April 24, 2035
		16/905,262	November 16, 2015	Wenzhi Tian, Deqiang Jing	U.S.	Pending	N/A	N/A
		17/412,445	November 16, 2015		U.S.	Pending	N/A	N/A
		15/566,724	November 16, 2015		U.S.[4]	Granted	October 13, 2020	April 14, 2036
		2017-552177	November 16, 2015		Japan	Granted	March 27, 2020	November 16, 2035
		PCT/CN2015/094739	November 16, 2015		PCT	Entered national phase	N/A	N/A
		15889744.7	November 16, 2015		EU	Allowed	N/A	N/A

Notes:

(1) As to the patent family relating to IMM01, "filing date" of the U.S., EU and Japanese counterparts denotes the filing date of the PCT application in this patent family, which is typically earlier than the actual submission date of each counterpart application in respective jurisdictions and its substantive examination;

(2) "Entered national phase" denotes the status of a PCT patent application that has entered the process whereby an applicant files one or more patent applications in one or more individual jurisdictions or countries of interest. "Allowed" denotes the status of a patent application that has been examined and determined to have met all statutory requirements for patent grant in applicable jurisdictions and for which a notice of allowance has been sent to the applicant, but is still waiting for completion of the procedures for patent grant such as paying the official fees for the patent grant by the applicant and publication of the granted patent by the applicable patent examination authority;

(3) Our IMM01 was discovered, designed and developed by Dr. Deqiang Jing and Dr. Wenzhi Tian, both of whom are currently key R&D personnel of the Company, when Dr. Jing was a consultant at Shanghai Hanyu Biopharmaceuticals Co., Ltd (上海翰謦生物科技有限公司, "**Hanyu**" and Dr. Tian worked at Huabo Biopharm (Shanghai) Co., Ltd. (華博生物醫藥技術(上海)有限公司) ("**Huabo Biopharm**", respectively) in 2014. Dr. Jing, our senior director in the clinical department, was engaged as a consultant by Hanyu in February 2014. Dr. Tian co-founded Huabo Biopharm and served as its general manager from June 2011 to April 2015. For the purpose of developing the product, Hanyu entered into a technology development agreement with Huabo Biopharm in March 2014, under which Huabo Biopharm was engaged to provide CRO-like technical service for the production of two recombinant proteins, HY03M and HY03MM (which are described in the IMM01 patent family), by using the target gene DNA provided by Hanyu, and Hanyu was required to pay a service fee to Huabo Biopharm. As a result, all the products of the CRO-like technical service along with their legal rights shall belong to Hanyu. During the discovery process, Dr. Jing made substantive contributions to, among others, the structure and sequence designs, biological activity analysis, and animal studies of the IMM01 molecule and Dr. Tian made substantive contributions to the related inventions of IMM01 patent family by, among others, providing suggestions on the sequence, vector construction, protein expression, and bio-assay analysis. Subsequently, Hanyu filed a Chinese patent application (No. 201510203619.7) in relation to the target molecule (which was later developed to IMM01) on April 24, 2015. In August 2015, the Company entered into a patent application assignment agreement with Hanyu, pursuant to which all rights in this Chinese patent application and the inventions disclosed therein were transferred from Hanyu to the Company. After the assignment, the Company has obtained the issued Chinese patent as the sole owner and the right to file the patent and patent applications in relation to IMM01 in other jurisdictions as the sole applicant. The Company obtained the full rights to IMM01 based on the assignment agreement, and Hanyu does not retain any rights to IMM01 according to this assignment agreement, as confirmed by the IP legal advisor. Hanyu was established in Shanghai on February 13, 2014 and used to be a start-up biotechnology company. Hanyu was officially deregistered in July 2020. Before its deregistration, Hanyu was owned by Lijuan Liu and Hua Wang, and Lijuan Liu used to be the sole director of Hanyu. After its deregistration, it no longer exists as a legal entity. Huabo Biopharm was established in Shanghai in June 2011. According to public information, Huabo Biopharm is a biotechnology company with multiple clinical-stage assets in the fields of oncology, autoimmune and ophthalmic. It is a wholly-owned subsidiary of Shanghai Hua'aotai Pharmaceutical Co., Ltd., which is in turn a subsidiary of Zhejiang Huahai Pharmaceutical Co., Ltd. (SH stock exchange: 600521) ("**Huahai Pharmaceutical**"). Mr. Song Li (vice president of research and development), Mr. Ruliang Zhang (deputy general manager and senior vice president), and Mr. Zimeng Zhao (supervisor) used to work at Huabo Biopharm. For more details, please refer to "Directors, Supervisors and Senior Management". They have no connection or association with Huabo Biopharm or Huahai Pharmaceutical since their departure. Each of Mr. Song Li and Mr. Ruliang Zhang was granted a small amount of stock options by Huahai Biopharmaceutical in 2015, but they did not exercise those options thus hold no shares or interests in Huabo Biopharm or Huahai Pharmaceutical. Save for the aforementioned employment relationships, during the Track Record Period and up to the Latest Practicable Date, there were not any material past or present relationships or dealings (including family, business, employment, trust, financing or otherwise) between us and Hanyu, Huabo Biopharm, Hanyu and Huabo Biopharm's respective shareholders, directors or senior management, or any of their respective associates.

The initial Chinese patent application filed by Hanyu listed Lijuan Liu, Dr. Deqiang Jing and Hua Wang as inventors. However, as confirmed by Hanyu in supplemental agreements to the assignment agreement, and confirmed in the interview with relevant personnel, Dr. Tian and Dr. Jing are the only inventors that made substantive contributions to the inventions of IMM01. Under the supplemental agreements, Hanyu also confirmed that the Company may list the correct inventors in the U.S. patents and patent applications as well as other foreign patents and patent applications in the patent family which were filed subsequently after the transfer of the patent rights. The Company did not correct the inventorship of the Chinese patent (CN106146670B) since the relevant patent application was already filed at the time of transfer. As advised by JunHe LLP, the intellectual property legal advisor to the Company, the error in inventorship in this Chinese patent would not affect the ownership rights or validity of this Chinese patent since this Chinese patent has been granted and the error in inventorship does not form a legal ground to challenge the validity of a patent under the Chinese patent laws and regulations, and the Company fully owns the intellectual property rights and global commercial rights in relation to IMM01. As of the Latest Practicable Date, the Company has not been involved in any settled, existing or potential legal, arbitral or administrative proceedings, or any dispute or third party claim, in respect of the initial Chinese patent application and later granted as Chinese patent CN106146670B. Furthermore, as the Company has legally obtained full ownership rights to the Chinese patent CN1016146670B as the sole owner pursuant to Hanyu Agreement, even if a third party claims any rights in relation to the Chinese patent CN106146670B, the Company shall not be deprived of the ownership rights to the Chinese patent CN1016146670B to the extent that the Company was a bona fide third party in obtaining the ownership rights to the same. Even if any former employee or agent of Hanyu asserts claims to ownership of any service invention he/she has made contributions to, he/she could only assert such claim to Hanyu under the applicable PRC laws, because Hanyu was the relevant employer or partner who has contractual or employment relationship with him/her. As advised by the Company's PRC legal advisor, JunHe LLP, and the Company's PRC intellectual property legal advisor, JunHe LLP, the risk of having third party claims and listed names associated with Lijuan Liu and Hua Wang in relation to the initial Chinese patent application and later granted as CN106146670B would be remote. Based on the due diligence performed by the Joint Sponsors and having taken into account the factors foregoing, the Joint Sponsors are not aware of any factor that would cause them to cast doubt in any material respect on the above views of the Company's IP Legal Advisors;

(4) The three patent applications in relation to IMM01 in the U.S. were filed and directed to a pharmaceutical composition and fusion proteins with different protection scopes, respectively.

Drug Candidate	Title of Invention	Application Number	Filing Date[1]	Inventors	Jurisdiction	Status[2]	Grant Date	Estimated Expiration Date
IMM0306 (CD47xCD20)	Novel Recombinant Bi-functional Fusion Proteins, Preparation and Application Thereof (CD47/CD20)	201880011334.5	March 15, 2018	Wenzhi Tian, Song Li	PRC	Granted	April 12, 2022	March 15, 2038
		201710151979.6	March 15, 2017		PRC	Granted	October 16, 2020	March 15, 2037
		2019-542396	March 15, 2018		Japan	Granted	April 11, 2022	March 15, 2038
		16/489,360	March 15, 2018		U.S.	Granted	August 9, 2022	December 28, 2038
		PCT/CN2018/079187	March 15, 2018		PCT	Entered national phase	N/A	N/A
		18768501.1	March 15, 2018		EU	Allowed	N/A	N/A
IMM2902 (CD47xHER2)	Recombinant Bifunctional Protein Targeting CD47 and HER2	201980051644.4	August 6, 2019	Wenzhi Tian, Song Li	PRC	Pending	N/A	N/A
		62021034787.3	August 6, 2019		Hong Kong	Pending	N/A	N/A
		PCT/CN2019/099530	August 6, 2019		PCT	Entered National Phase	N/A	N/A
		16/535,075	August 8, 2019		U.S.	Granted	September 27, 2022	August 8, 2039
		19847964.4	August 6, 2019		EU	Pending	N/A	N/A
		2021-506322	August 6, 2019		Japan	Granted	December 12, 2022	August 6, 2039
		17/820,624	August 8, 2019		U.S.	Pending	N/A	N/A
IMM2520 (CD47xPD-L1)	Novel Recombinant Bi-functional Fusion Protein and Preparation and Application Thereof	2021-163660	October 4, 2021	Wenzhi Tian, Song Li	Japan	Granted	April 25, 2022	October 4, 2041
		202111083819.5	September 15, 2021		PRC	Allowed	N/A	N/A
		17/496,051	October 7, 2021		U.S.	Allowed	N/A	N/A
		21199189.8	September 27, 2021		EU	Pending	N/A	N/A
		PCT/CN2022/116312	August 31, 2022		PCT	Pending	N/A	N/A

Drug Candidate	Title of Invention	Application Number	Filing Date[1]	Inventors	Jurisdiction	Status[2]	Grant Date	Estimated Expiration Date
IMM2510 (PD-L1×VEGF)	Recombinant Protein Targeting PD-L1 and VEGF	201980079944.3	December 2, 2019	Wenzhi Tian, Song Li	PRC	Allowed	N/A	N/A
		PCT/CN2019/122446	December 2, 2019		PCT	Entered national phase	N/A	N/A
		16/699,732	December 2, 2019		U.S.	Granted	August 9, 2022	July 16, 2040
		19892300.5	December 2, 2019		EU	Pending	N/A	N/A
		2021-531099	December 2, 2019		Japan	Granted	September 27, 2022	December 2, 2039
		17/737,159	December 2, 2019		U.S.	Pending	N/A	N/A
IMM47 (CD24 mAb)	Antibodies targeting CD24 and their preparation and use	202111195246.5	October 13, 2021	Wenzhi Tian, Song Li, Dianze Chen[5], Huiqin Guo[6]	PRC	Allowed	N/A	N/A
		17/685,530	March 3, 2022		U.S.	Pending	N/A	N/A
		22156295.2	February 11, 2022		EU	Pending	N/A	N/A
		2022-019864	February 10, 2022		Japan	Pending	N/A	N/A
		PCT/CN2022/114945	August 25, 2022		PCT	Pending	N/A	N/A
IMM4701 (CD24×CD47)	Recombinant Protein Targeting CD47 and CD24	202111195248.4	October 13, 2021	Wenzhi Tian, Song Li, Dianze Chen	PRC	Allowed	N/A	N/A
		17/543,033	December 6, 2021		U.S.	Pending	N/A	N/A
		22150987.0	January 11, 2022		EU	Pending	N/A	N/A
		2021-195587	December 1, 2021		Japan	Pending	N/A	N/A
		PCT/CN2022/116315	August 31, 2022		PCT	Pending	N/A	N/A

Notes:

(5) Mr. Dianze Chen served as an assistant director of our Company as of the Latest Practicable Date. He has participated in and made substantive contributions to the screening and validation of our drug candidates, including IMM47, IMM4701 and IMM40H.

(6) Ms. Huiqin Guo served as the head of hybridoma antibody discovery of our Company as of the Latest Practicable Date. She has participated in and made substantive contributions to the screening of various drug candidates, including IMM47 and IMM40H.

Drug Candidate	Title of Invention	Application Number	Filing Date[1]	Inventors	Jurisdiction	Status[2]	Grant Date	Estimated Expiration Date
IMM40H (CD70 mAb)	Antibodies targeting CD70 and their preparation and use	202111191860.4	October 13, 2021	Wenzhi Tian, Song Li, Dianze Chen, Huiqin Guo	PRC	Allowed	N/A	N/A
		2022-015259	February 2, 2022		Japan	Pending	N/A	N/A
		22155661.6	February 8, 2022		EU	Pending	N/A	N/A
		17/685,501	March 3, 2022		U.S.	Allowed	N/A	N/A
		PCT/CN2022/114942	August 25, 2022		PCT	Pending	N/A	N/A

The term of an individual patent may vary based on the jurisdictions in which it is granted. The actual protection afforded by a patent varies on a claim-by-claim and jurisdiction-by-jurisdiction basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of any patent term extensions or adjustments, the availability of legal remedies in a particular jurisdiction and the validity and enforceability of the patent. We cannot provide any assurance that patents will issue with respect to any of our owned pending patent applications or any such patent applications that may be filed in the future, nor can we provide any assurance that any of our owned issued patents or any such patents that may be issued in the future will be commercially useful in protecting our drug candidates and methods of manufacturing the same. It usually takes about three to five years after a patent application enters into substantive examination for the applicable patent examination authorities to make a final decision on whether a patent should be issued or not. Our legal advisor as to intellectual property laws, JunHe LLP, has checked and reviewed the legal status of the pending patent applications in relation to the Core Product, Key Products and other drug candidates with filed patent applications in the public online databases of the CNIPA, the USPTO, World Intellectual Property Organization ("**WIPO**") and some other public patent databases as well as the information provided by us regarding the pending patent applications. Our legal advisor as to intellectual property laws, JunHe LLP, is not aware of any fact or legal impediment with respect to those pending patent applications that would preclude the issuance of patents with respect to such pending patent applications except that these patent applications remain subject to the examination opinions from the applicable patent examination authorities during the ordinary pendency and examination of such patent applications.

As reviewed and advised by our legal advisor as to intellectual property laws, material aspects (e.g., constructs, sequences or indications under development) of our Core Product can be covered by granted patent and pending patent applications in the PRC and the U.S. For the pending patent applications, as the time required for the substantial review is at the discretion of relevant patent examination authority, we are unable to predict the expected time frame of receiving material updates in relation to the pending patent applications. Given that obtaining issuance of such pending patent applications is not a prerequisite for our future R&D or commercial activities, we do not expect the pending status of patent applications in relation to our respective products would impose barriers on the commercialization of respective products when those products reach commercialization stage. Even if we fail to obtain issuance of any patents that we are applying for, we will still be able to commercialize our drug candidates in the U.S. (unless a legal proceeding has been filed against us and as a result of the legal proceeding an injunction has been issued or a final decision has been rendered by the court which requires us to cease manufacturing and commercializing our products) and the PRC, although without the protection of the relevant intellectual property right offered by patents during respective patent's validity period. Therefore, we believe any failure to obtain issuance of the patent applications we are applying for will not directly hamper our business, financial conditions or results of operations.

However, if any of the patent applications was rejected, we may lack patent protection covering certain key characteristics of our respective products before or during the commercialization of our products. If any of the above circumstances occurs, our business, financial conditions and prospects could be materially and adversely affected. See for more details in the "Risk Factors — Risks Relating to Our Intellectual Property Rights — If we are unable to obtain and maintain adequate patent and other intellectual property protection for our drug candidates throughout the world, or if the scope of such intellectual property rights obtained is not sufficiently broad, our current or any future patents may be challenged and invalidated even after issuance".

We are aware of certain issued patents in the U.S. belonging to third parties that may potentially cover our CD47-based drug candidates and may not expire before our anticipated commercial launch of relevant drug candidates in the U.S. As reviewed and advised by our legal advisor as to intellectual property law, JunHe LLP[1], the scope of the relevant patent claims is too broad and the patent claims are obvious over prior art or lack written description and enablement support, the validity and enforceability of the third-party patents are thus questionable; as a result, if such third parties bring the legal proceedings against us, the risk that we will be determined by courts or other competent authorities in the U.S. to have infringed on such patent rights of the third parties is remote. However, whether a product infringes a patent involves an analysis of complex legal and factual issues, the determination of which is often uncertain, and the burden of proof required to successfully challenge a third-party patent may be high. For details, please refer to the paragraphs headed "Risk Factors — Key Risks Relating to Our Business, Business Operations, Intellectual Property Rights and Financial Prospects — Third parties may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights, the outcome of which would be uncertain."

In addition, in 2019, we signed a technology transfer agreement with an independent third party, pursuant to which such third party acquired certain rights and interests (including one patent application in China relating to IMM2505) from us to develop and commercialize IMM2505 in China (including Hong Kong, Macau and Taiwan), while we retain the full rights and interests to IMM2505 in the rest of the world. We decided to license out IMM2505 since such out-licensing arrangement can supplement our cash flow to develop our pipeline products. At the time of such transfer, IMM2505 was at early discovery stage. The Chinese patent application of IMM2505 has not been issued, and is currently under the CNIPA's substantive examination. If such patent application of IMM2505 is approved with the currently pending claims, it may potentially cover IMM2520. However, based on the opinion of our legal advisor as to intellectual property law, JunHe LLP, the currently pending claims of the Chinese patent application relating to IMM2505 are too broad and lack inventiveness over prior art, considering (i) bispecific molecules binding to both CD47 and PD-L1 have been disclosed in the prior art; (ii) the amino acid sequence of SIRP extracellular Ig-like domain (which binds to CD47) is known in the prior art; (iii) various PD-L1 antibodies with different amino acid sequences have been disclosed in the prior art; and (iv) the first office action issued by the CNIPA raises novelty or inventiveness rejections on the pending claims. In addition, the issued patents in the U.S. and Japan regarding IMM2505 were granted with claims reciting specific amino acid sequences of the PD-L1 antibody and SIRP extracellular Ig-like domain. Therefore, it is expected that the pending claims of the Chinese patent application of IMM2505 would be narrowed down during prosecution by further limiting the amino acid

[1] JunHe LLP has a registered office in the Silicon Valley of California and has extensive experience in the U.S. patent practice. The JunHe patent team has deep expertise across many aspects of life sciences including biological and small therapeutic compounds and uses thereof, proteomics, genomics, molecular diagnostics, drug discovery tools, chemicals and materials science, and medical devices. The JunHe Patent team has decades of experience in a wide range of U.S. patent related matters including drafting, prosecuting patents at the U.S. Patent and Trademark Office, patent infringement and validity opinions regarding U.S. patents, strategic counseling and due diligence reviews of U.S. patents in M&A deals, capital market offerings, financing and other high-value transactions. In addition, a U.S. based international law firm, Locke Lord LLP, was specifically engaged to conduct analysis of a certain U.S. patent. Locke Lord LLP has substantial patent practice experience in the U.S. in life science industry. Its team combines strong scientific understanding, courtroom experience, regulatory knowledge and industry background in the U.S. Their technical understanding spans pharmaceuticals, molecular genetics, biotechnology, organic, inorganic and industrial chemistry, and biochemistry.

sequences of the PD-L1 antibody portion of IMM2505, similar to our issued patents in the U.S. and Japan. For details, please refer to the paragraphs headed "Risk Factors — Key Risks Relating to Our Business, Business Operations, Intellectual Property Rights and Financial Prospects — If we are unable to obtain and maintain adequate patent and other intellectual property protection for our drug candidates throughout the world, or if the scope of such intellectual property rights obtained is not sufficiently broad, our current or any future patents may be challenged and invalidated even after issuance."

We also own a number of registered trademarks and pending trademark applications. As of the Latest Practicable Date, we had registered trademarks for our Company and our corporate logo in the PRC and Hong Kong and are seeking trademark protection for our Company and our corporate logo in the jurisdictions where available and appropriate.

During the Track Record Period and up to the Latest Practicable Date, (i) we were not involved in any legal, arbitral or administrative proceedings in respect of, and we had not received notice of any material claims of infringement, misappropriation or other violations of third-party intellectual property; and (ii) we were not involved in any proceedings in respect of any intellectual property rights that may be threatened or pending and that may have an influence on the research and development for any of our drug candidates in which we may be a claimant or a respondent.

RAW MATERIALS AND SUPPLIERS

Suppliers

During the Track Record Period, our suppliers primarily consisted of CROs, CMO/CDMOs, and suppliers of equipment, devices and construction services. We select our suppliers by considering their product quality, costs, delivery standards, industry reputation and compliance with relevant regulations and industry standards.

For the years ended December 31, 2022 and 2021, the aggregate purchases attributable to our five largest suppliers amounted to RMB58.1 million and RMB55.9 million, respectively, representing 30.2% and 32.4% of our total purchases, respectively. Purchases attributable to our single largest supplier amounted to RMB16.8 million and RMB17.8 million for the same periods, accounting for 8.7% and 10.3% of our total purchases, respectively. All of our five largest suppliers during the Track Record Period operate their business in the PRC, except for one major supplier in 2022 that operates its business in the U.S. We believe that we maintain strong and stable relationships with our major suppliers.

The following table sets forth details of our five largest suppliers for the year ended December 31, 2022:

Ranking	Supplier	Products/Services purchased	Length of business relationship	Purchase amount	% of total purchase
				(RMB '000)	
1	Supplier A (a CDMO) . . .	Manufacturing services	2 years	16,751	8.7%
2	Supplier B (a construction company)	Construction	2 years	13,514	7.0%
3	Supplier C (a CRO)	R&D services	2 years	10,940	5.7%
4	Supplier D (a CRO)	R&D services	3 years	8,768	4.6%
5	Supplier E (a CRO)	R&D services	2 years	8,125	4.2%
	Total			**58,098**	**30.2%**

The following table sets forth details of our five largest suppliers for the year ended December 31, 2021:

Ranking	Supplier	Products/Services purchased	Length of business relationship	Purchase amount	% of total purchase
				(RMB '000)	
1	Supplier D (a CRO)	R&D services	2 years	17,750	10.3%
2	Supplier A (a CDMO) . . .	Manufacturing services	1 year	12,704	7.4%
3	Supplier F (a laboratory construction company) .	Construction works for office building decoration	3 years	10,415	6.0%
4	Supplier G (a CMO)	Manufacturing services	6 years	7,571	4.4%
5	Supplier H (a supplier of equipment)	Equipment	4 years	7,442	4.3%
	Total			**55,882**	**32.4%**

During the Track Record Period, none of our five largest suppliers was our related parties. None of our Directors or their associates or, to the knowledge of our Directors, any Shareholder with over 5% of the share capital of our Company has any interest in any of our five largest suppliers in the years ended December 31, 2021 and 2022.

Raw Materials

During the Track Record Period, we have procured raw materials for the pilot production of our drug candidates for clinical trials from suppliers in China. The principal raw materials that we used include resin, filtration materials, excipient, among others. We select our suppliers by considering cost and their capability, quality, reputation, delivery and regulatory compliance.

CUSTOMERS

During the Track Record Period, since we had not obtained regulatory approval for the commercial sale of any of our drug candidates, we had not generated any revenue from sales of any drug products. Our revenue was generated from out-licensing fee, sales of cell strain and other products and testing services during the Track Record Period. For further details, please refer to the paragraphs headed "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue."

For the years ended December 31, 2022 and 2021, the aggregate sales to our five largest customers were RMB0.5 million and RMB5.0 million, representing 84.6% and 98.8% of our total sales, respectively. Revenue from our single largest customer accounted for 28.1% and 93.3% of our total sales amount for the same periods, respectively. All of our top five customers during the Track Record Period are independent third parties and located in the PRC.

The following table sets forth details of our five largest customers for the year ended December 31, 2022:

Ranking	Customer	Products/Services sold	Length of business relationship	Sales amount	% of total sales
				(RMB '000)	
1	Customer A (a biotechnology company)	Cell lines, growth medium and technical services	1 year	151	28.1%
2	Customer B (a biotechnology company)	Cell lines and growth medium	2 years	150	27.9%
3	Customer C (a biotechnology company)	Growth medium	4 years	98	18.2%
4	Customer D (a biotechnology company)	Growth medium	4 years	36	6.7%
5	Customer E (a biotechnology company)	Technical services	1 years	20	3.8%
	Total			**456**	**84.6%**

The following table sets forth details of our five largest customers for the year ended December 31, 2021:

Ranking	Customer	Products/Services sold	Length of business relationship	Sales amount	% of total sales
				(RMB '000)	
1	Customer F (a biotechnology company)	Technology license; growth medium	3 years	4,727	93.3%
2	Customer G (a CDMO)	cell strain	1 year	143	2.8%
3	Customer C (a biotechnology company)	Growth medium	3 years	61	1.2%
4	Customer H (a biotechnology company)	Testing services	1 year	38	0.7%
5	Customer I (a biopharmaceutical company)	Testing services	1 year	38	0.7%
	Total			**5,006**	**98.8%**

To the knowledge of our Directors, none of our Directors, their respective associates or any of our Shareholders holding more than 5% of our issued share capital immediately following the completion of the **[REDACTED]** had an interest in any of our customers during the Track Record Period.

COMPETITION

The market for biopharmaceutical industry and immuno-oncology solutions is evolving and highly competitive. While we believe that our research and development capabilities enable us to establish a favorable position in the industry, we encounter competition from international and domestic biopharmaceutical companies, specialty pharmaceutical and biotechnology companies of various sizes, academic institutions and research institutions. For more information on the competitive landscape of our drug candidates, please refer to the paragraphs headed "Industry Overview" and "— Our Drug Candidates."

We believe the primary competitive factors in our markets are identification of promising targets, mechanisms and pathways for drug development, molecule screening and design, efficacy and safety of drug candidates, manufacturing efficiency and commercialization development. We expect the competition will become more intensive in the future as additional players enter into the segments. Any drug candidates that we successfully develop and commercialize will compete with existing drugs or any new drugs that may become available in the future. For potential impact of market competition, see "Risk Factors — Key Risks Relating to Our Business, Business Operations, Intellectual Property Rights and Financial Prospects — We face substantial competition and our competitors may discover, develop or commercialize competing drugs faster or more successfully than we do."

EMPLOYEES

As a biotechnology company, our employees are our valuable resource. We are led by a diverse and talented team of management and experts who seek to understand immuno-oncology therapies' challenges and are dedicated to tackling them. As of the Latest Practicable Date, we had a total of 143 full-time employees, among which 140 were in China, one in Australia and two in the U.S. The following table sets forth a breakdown of our employees categorized by function as of the Latest Practicable Date:

Function	Number	Percentage
R&D	17	11.9%
Clinical Development	44	30.8%
CMC and Regulatory Affairs	45	31.5%
Business Strategy and Corporate Development	12	8.4%
General and Administrative	25	17.5%
Total	**143**	**100.0%**

We also plan to develop our internal sales and marketing team preparing for the commercialization of our drug candidates in the future.

Employment Agreements with key management and R&D staff

We enter into standard labor, confidentiality and non-compete agreements with our employees. The non-compete restricted period typically expires two years after the termination of employment, and we agree to compensate the employees with a certain percentage of their pre-departure salary during the restricted period. For further details regarding the terms of the confidentiality and non-compete and employment agreements with our certain of our senior management, please refer to the section headed "Directors, Supervisors and Senior Management" in this document.

We recruit and retain highly engaged and motivated team players who are driven by our commitment and are excited to contribute to the development of next-generation immuno-oncology therapies leveraging their extensive experience. We believe that we are in a good position to create an equitable, inclusive and diverse workplace while maintaining a good working relationship with our employees. As of the Latest Practicable Date, we had not experienced any major labor disputes.

Training and Development

We offer employees a variety of professional development opportunities and encourage a performance-driven environment. We focus on creating a robust culture to encourage retention and engagement. Given our emphasis on operating a fully-integrated platform for our drug development processes, we attach great importance to internal talent growth. We continually pursue progression opportunities for our staff through various internal and external training and development programs.

Employee Benefits

We are committed to making sure that working conditions throughout our business network are safe and that employees are treated with care and respect. We believe we offer our employees competitive compensation packages, reflecting our stakeholder-centric ethos which we believe leads to sustainable and durable growth. As required by PRC regulations, we participate in various government statutory employee benefit plans, including social insurance, namely pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and housing funds. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government regulations from time to time.

LAND AND PROPERTIES

Our corporate headquarter is located in Shanghai Municipality, PRC. As of the Latest Practicable Date, we had a land use right to a land parcel located in Pudong New Area with a site area of approximately 28,763.1 sq.m, and a total of approximately 6,180.98 sq.m leased property space as our office premises, and research and development center in the PRC. The relevant lease agreements generally provide a duration of up to 74 months.

The following table sets forth the details of our owned and leased properties as of the Latest Practicable Date:

Usage	Location	GFA (sq.m)	Lease Term
R&D, manufacturing, office	Shanghai	28,763.10	/[(1)]
R&D, manufacturing, marketing, office	Shanghai	2,707.44	May 1, 2019, to July 31, 2024
R&D, office	Shanghai	1,662.58	April 1, 2021, to March 31, 2027
Office	Shanghai	1,441.37	March 1, 2021, to February 29, 2024
Office	Shanghai	403.64	April 1, 2021 to March 31, 2027
Storage, office	Shanghai	369.59	October 1, 2022, to November 30, 2028

Note:

(1) This property is owned by the Company.

According to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which require a valuation report with respect to all our interests in land or buildings, for the reason that, as of June 30, 2022, none of our properties has a carrying amount of 15% or more of our consolidated total assets.

As of the Latest Practicable Date, except for the land use right to a land parcel located in Pudong New Area recently granted to us, we do not own any other real property for our operations. Upon expiration of our leases, we will need to negotiate for renewal of the leases or relocate. There are sufficient alternative locations for us to choose from, but we may incur additional costs in relation to the potential relocation. During the Track Record Period, we did not experience any dispute arising out of our leased properties. For details of risks relating to our leased properties, see the section headed "Risk Factors — Other Risks Relating to Our Operations — We are subject to risks associated with leasing space" in this document.

AWARDS AND RECOGNITIONS

We have received various awards and recognitions for our projects and entities. The following table sets forth the selected awards and projects for which we received government grants as of the Latest Practicable Date:

Year of Grant	Award/Recognition	Issuing Authority
2022	Dr. Tian was awarded as "Top 10 Drug Innovation Scientists/Research Teams of the Year"	Securities Times
2022	IMM2902 was awarded as "Drug Innovation and Development of the Year"	Securities Times
2022	IMM01 was award as "2022 Top 10 Innovative Pharmaceutical CHIP Seed Projects"	CHIP Academy
2022	Shanghai Technologically Advanced Small and Medium-sized Enterprise	Shanghai Municipal Commission of Economy and Informatization
2022	Shanghai Pudong New Area Innovative Small and Medium-Sized Enterprise	Shanghai Municipal Commission of Economy and Informatization
2022	Joint Unit of the New Overseas Chinese Training Base	Shanghai Pudong New Area Government Overseas Chinese Affairs Office
2021	Top 100 China Pharmaceutical Innovative Seed Enterprises in 2021	China Pharmaceutical Enterprise Management Association, China Pharmaceutical Biotechnology Association, General Office of the Central Committee of the Chinese Peasants and Workers Democratic Party, Hangzhou Investment Promotion Bureau, Hangzhou Qiantang New Area Management Committee

Year of Grant	Award/Recognition	Issuing Authority
2021	Innovative Startup Award	Shanghai Pudong New Area Government
2020	High-tech Enterprise Certificate	Shanghai Municipal Science and Technology Commission, Shanghai Municipal Finance Bureau, State Administration of Taxation (Shanghai Taxation Bureau)
2019	Top 50 Most Innovative Companies of Chinese Biomedicine in 2019	Shanghai Tuling Biotechnology Co., Ltd. Xingyao Research Institute
2018	Zhangjiang Venture Capital TOP100 Enterprise Honor	"Insight into Zhangjiang" Venture Capital Database
2018	2018 Shanghai Science and Technology Business Incubator 30-year Cutting-edge Start-up Enterprises	Shanghai Science and Technology Entrepreneurship Center
2017	Enterprise Excellence Award	Shanghai Science and Technology Entrepreneurship Center
2017	Excellent Enterprise	Organizing Committee of China Innovation and Entrepreneurship Competition
2016	50 Top Shanghai Start-ups with Most Investment Potential in 2016	Shanghai SME Development Service Center, Shanghai SME listing Promotion Center

ENVIRONMENTAL, SOCIAL, HEALTH AND SAFETY MATTERS

We are committed to environmental protection and promoting corporate social responsibility and best corporate governance practices to develop sustainable value for stakeholders and take up responsibilities as a corporate citizen. We are currently at an early stage of laboratory operations and partially rely on CMO/CDMOs for the manufacturing function and on CROs for animal studies, clinical trials and other activities. As a result, the current nature of our business does not expose us to a substantial risk of environmental, health or work safety matters, and we do not expect the potential risks of such matters will have a material adverse impact on our business operation and financial performance. Our operations in the future, particularly after the completion of construction and commencement of operations of our manufacturing facility in Shanghai, will be subject to numerous environmental, social, health and safety laws and regulations. For a discussion on PRC laws and regulations on environmental protection and work safety, see "Regulations — Regulations relating to Environmental Impact Assessment of Construction Projects."

We are committed to complying with PRC regulatory requirements, preventing and reducing hazards and risks associated with our operation, and ensuring the health and safety of our employees and surrounding communities. We will comply with the environmental, social and governance ("**ESG**") reporting requirements after **[REDACTED]** and the responsibility to publish ESG report on an annual basis in accordance with Appendix 27 to the Listing Rules. We will focus on each of the areas as specified in Appendix 27 to the Listing Rules to analyze and disclose important ESG matters, risk management and the accomplishment of performance objectives, particularly those environmental and social issues that could have a material impact on the sustainability of our operations and that are of interest to our Shareholders. We have adopted company-wide environment, health and safety policies and various systems and procedures relating

to hazardous waste management, wastewater treatment, air pollution control, environmental risk management, emergency response and process safety management. We have also adopted and maintained a series of rules, standard operating procedures and measures to maintain a healthy and safe environment for our employees. We implement safety guidelines setting out information about potential safety hazards and procedures for operating in the manufacturing facilities. We require new employees to participate in safety training to familiarize themselves with the relevant safety rules and procedures. In particular, we invite experts on fire control safety to conduct training sessions and regularly perform emergency evacuation drills to reduce risks associated with potential fire accidents. Also, we have adopted relevant policies and measures to ensure the hygiene of our work environment and the health of our employees. We are endeavored to provide a safe work environment in light of the COVID-19 pandemic, including procurement of epidemic prevention materials and release of work-from-home plan and work resumption plan.

Our Board has established an ESG working group that comprises three centers, including finance center, production and quality center and human resource center. The ESG working group serves as a supportive role to our Board in implementing the agreed ESG policies, targets and strategies; conducting materiality assessments of environmental-related, climate-related, social-related risks; collecting ESG data from different parties while preparing for the ESG report; and continuous monitoring of the implementation of measures. The ESG working group has to prepare a quantitative report with regard to our environmental-related and social-related data on a quarterly basis and prepare a qualitative report with regard to effectiveness of our ESG measures two times a year.

Our Board sets targets for each material key performance indicators ("**KPIs**") in accordance with the disclosure requirements of Appendix 27 to the Listing Rules and other relevant rules and regulations upon **[REDACTED]**. In setting targets for the ESG-related KPIs, our Group has taken into account their respective historical levels for 2021 and 2022 and has considered our future business expansion thoroughly and prudently with a view of balancing business growth and environmental protection to achieve sustainable development. We will also review our KPIs on a yearly basis to ensure that they remain appropriate to our Group. Set forth below are our major KPIs during the Track Record Period:

- *Hazardous waste disposal*. We have monitored our hazardous waste disposal levels on a periodic basis. For 2021 and 2022, our hazardous waste discharge levels were approximately 6.1 tons and 5.6 tons, respectively, and such waste was disposed by qualified third parties.

- *Electricity consumption*. We have monitored our electricity consumption levels and implement measures to improve energy efficiency. For 2021 and 2022, our electricity consumption levels were approximately 2.2 million kWh and 2.7 million kWh, respectively.

- *Water consumption*. We have monitored our water consumption levels and implement measures to promote water conservation. For 2021 and 2022, our water consumption levels were approximately 4,971 tons and 5,068 tons, respectively.

We do not operate in a highly polluting industry, while our operation may involve the use and disposal of hazardous materials and wastes. We contract with qualified third parties for the disposal of hazardous materials and wastes. We require their operational qualifications in accordance with relevant governmental laws and regulations. We establish a regular assessment as to our suppliers' safety performance and strengthen our supervision and management of our suppliers. Our contracted third-party service providers are required under our agreements to comply with all applicable laws.

In addition, we identify our ESG-related KPIs to include fair employment and healthy and safe environment for our employees. We place a high value on diversity in our Company and continuously implement pro-diversity management practices. We are also dedicated to providing fair and equal treatment and career opportunities to all of our employees. We prohibit any form of discrimination based on gender, family origin, disability, religious beliefs or races throughout our recruiting process. By implementing these practices, we aim to cultivate health, wellbeing and work-life balance for all of our employees. We have also adopted and maintained a series of rules, standard operating procedures and measures to maintain a healthy and safe environment for our employees. In particular, we (i) have established various guidelines governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes to ensure such guidelines are strictly enforced for the disposal of laboratory materials and wastes; (ii) inspect our equipment and facilities regularly to identify and eliminate safety hazards; (iii) provide regular safety awareness training to our employees; (iv) keep health records for all employees and conduct health examinations before, during and after their time at the company, especially for employees engaged in work involving occupational hazards; (v) implement company-wide self-protection policies for employees in light of the COVID-19 outbreaks, including providing face masks and disinfectant to our employees; and (vi) conduct regular fire safety inspections, maintenance of fire-fighting equipment and regular emergency drills.

We believe that we are not susceptible to climate change. Moreover, we consider that potential changes to the regulations in the PRC regarding climate change will not adversely impact our business operations. We will continue to pay attention to risks regarding climate change and formulate emergency plans to safeguard us from climate change and extreme weather conditions, such as hurricane and rainstorms. As of the Latest Practicable Date, we had not experienced any material impact on our business operations or financial performance as a result of climate change or extreme weather conditions.

For 2021 and 2022, we spent approximately RMB665.7 thousand and RMB727.7 thousand, respectively, with respect to environmental and work safety protection. Our PRC Legal Advisor has confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material claim or penalty in relation to environmental, social, health and safety protection, had not been involved in an accident or fatality and had been in compliance with the relevant PRC laws and regulations in all material aspects.

Our Directors recognize the importance of good corporate governance in protecting the interests of our Shareholders. Our directors and senior management will actively develop our environment, social and governance strategies and targets, and evaluate, determine and address the related risks.

INSURANCE

We maintain insurance policies that we consider to be in line with market practice and adequate for our business to safeguard against risks and unexpected events. Our insurance policies cover adverse events in our clinical trials, and we also maintain property loss insurance. We maintain social insurance for our employees in accordance with relevant PRC laws and regulations. We believe that our insurance coverage is adequate to cover our key assets, facilities, and liabilities.

LICENSES AND PERMITS

Our PRC Legal Advisor has advised that during the Track Record Period and up to the Latest Practicable Date, we have obtained all material licenses, permits, approvals and certificates from the relevant government authorities that are material for the business operations of our Group. Our PRC Legal Advisor also confirmed that during the Track Record Period and up to the Latest Practicable Date, we were not involved in any litigation, arbitration or administrative proceedings pending or, to the best knowledge of our Directors, threatened against us or any of our Directors that could have a material adverse effect on our business, results of operations or financial condition.

The following table sets forth details of selected material licenses and permits obtained by our Group as of the Latest Practicable Date:

License/Permit	Holder	Date of Grant	Expiry Date
Customs Declaration Unit Registration Certificate	our Company	October 18, 2017	long term
Foreign Trade Dealers Filing Receipt	our Company	May 16, 2018	/
Entry and Exit Inspection and Quarantine Declaration Enterprise Filing Receipt	our Company	October 17, 2017	/

LEGAL PROCEEDINGS AND COMPLIANCE

As of the Latest Practicable Date, there was no litigation, arbitration or administrative proceedings pending or threatened against the Company or any of our Directors which could have a material and adverse effect on our financial condition or results of operations. Potential future litigation or any other legal or administrative proceeding, regardless of the merit or outcome, is likely to result in substantial costs, diversion of our resources, and have a negative impact on our reputation and brand image, which in turn, would have negative impact on our business, financial condition, and results of operations. For potential impact of legal or administrative proceedings on us, see "Risk Factors — Other Risks Relating to Our Operations — We may be involved in lawsuits or other legal proceedings, which could adversely affect our business, financial conditions, results of operations and reputation."

We are of the view that, during the Track Record Period and up to the Latest Practicable Date, we had complied, in all material respects, with all relevant laws and regulations in the jurisdictions we operate in, and no material administrative penalties imposed on us had been found that may have a material adverse effect on our Group's business operations.

RISK MANAGEMENT AND INTERNAL CONTROL

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems.

Risk Management

We are exposed to various risks in our business operations and we recognize that risk management is critical to our success. For more details, please refer to the section headed "Risk Factors" for a discussion of various operational risks and uncertainties we face. We are also exposed to various market risks, in particular, credit, liquidity, interest rate and currency risks that arise in the normal course of our business. Please refer to "Financial Information — Market Risk Disclosure" for a discussion of these market risks.

We have adopted a series of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis. Risks identified by management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by our Company and reported to our Directors. Our audit committee, and ultimately our Directors supervise the implementation of our risk management policies.

The following key principles outline our Group's approach to risk management and internal control:

- Our audit committee will oversee the implementation of, as well as evaluate and improve the internal control system, including (i) reviewing the internal control and risk management policies, and making suggestions to improve the same; (ii) discussing with the management and evaluating the effectiveness of the internal control and risk management policies, to ensure the performance by the management of their duties to formulate effective internal control and risk management policies; (iii) studying the material findings in relation to internal control and the relevant measures taken by the management; and (iv) overseeing any potential misconduct of the employees with respect to internal control, and establishing relevant procedures to investigate and handle the complaints of the same and of the internal control of the Company.

- Our Board will be responsible for (i) formulating our risk management policy and reviewing major risk management issues of our Company; (ii) providing guidance on our risk management approach to the relevant teams in our Company; (iii) reviewing the relevant teams' reporting on key risks and providing feedbacks; and (vi) supervising the implementation of our risk management measures by the relevant teams.

- The relevant teams in our Company are responsible for implementing our risk management policy and carrying out our day-to-day risk management practice. In order to formalize risk management across our Company and set a common level of transparency and risk management performance, the relevant teams will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives; (iii) prepare a risk management report annually for our chief executive officer's review; (iv) continuously monitor the key risks relating to their operation or function; (v) implement appropriate risk responses where necessary; and (vi) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

We consider that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. We have engaged an internal control consultant (the "Internal Control Consultant") to perform certain agreed-upon procedures (the "Internal Control Review") in connection with the internal control during the period from November 1, 2020 to October 30, 2021 of our Company and our major operating subsidiaries in certain aspects, including entity-level controls, Financial reporting and disclosure controls, human resources and payroll management, general controls of IT system and other procedures of our operations. The Internal Control Consultant performed the Internal Control Review in November 2021, identified internal control deficiencies and provided recommendation accordingly. We have adopted the corresponding remediation actions to improve the effectiveness of internal control system. The Internal Control Consultant performed a follow-up review with regard to those actions taken by us and there are no further material findings identified in the process of the follow up Review. As of the Latest Practicable Date, there were no material outstanding issues relating to our Company's internal control.

During the Track Record Period, we regularly reviewed and enhanced our internal control system. Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have adopted various measures and procedures regarding each aspect of our business operation, such as related party transaction, risk management, protection of intellectual property, environmental protection and occupational health and safety. We provide periodic training about these measures and procedures to our employees as part of our employee training program. Our internal audit team conducts audit fieldwork to monitor the implementation of our internal control policies, reports the weakness identified to our management and audit committee and follows up on the rectification actions.

- Our Directors (who are responsible for monitoring the corporate governance of our Group) with help from our legal advisors, will also periodically review our compliance status with all relevant laws and regulations after the **[REDACTED]**.

- We have established an audit committee which, among others, (i) makes recommendations to our Board of Directors on the appointment and removal of external auditors; and (ii) reviews the financial statements and internal control system of our Company.

- We plan to provide various and continuing trainings to update our Directors, senior management, and relevant employees on the latest PRC laws and regulations from time to time with a view to proactively identify any concerns and issues relating to any potential non-compliance.

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER

OVERVIEW

As of the Latest Practicable Date, Dr. Tian, our founder of the Group, chairman of our Board, chief executive officer, chief scientific officer and executive Director, was able to exercise approximately 33.29% of the voting rights in our Company through: (i) 70,182,990 Shares directly held by him and (ii) an aggregate of 48,356,955 Shares held by our Employee Shareholding Platforms, namely Jiaxing Changxian, Jiaxing Changyu and Halo Investment II. Both Jiaxing Changxian and Jiaxing Changyu are limited partnerships incorporated in the PRC of which their respective executive partner is controlled by Dr. Tian. Halo Investment II is a company limited by shares incorporated in the BVI with Dr. Tian controlling the exercise of its entire voting rights in the Company. For further details on the Employee Shareholding Platforms, see "History, Development and Corporate Structure — Employee Shareholding Platforms." Immediately upon the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), Dr. Tian will be entitled to exercise the voting rights of approximately **[REDACTED]**% of the enlarged issued share capital of our Company. Accordingly, Dr. Tian will remain as our Single Largest Shareholder after **[REDACTED]**.

For background and biographical details of Dr. Tian, see "Directors, Supervisors and Senior Management — Board of Directors — Executive Directors."

COMPETITION

As of the Latest Practicable Date, neither Dr. Tian nor his close associates had any interest in any business, other than our business, which competes or is likely to compete, either directly or indirectly, with our Group's business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE OF OUR BUSINESS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from our Single Largest Shareholder and his close associates upon **[REDACTED]**.

Operational Independence

Our Company has full rights to make all decisions on and to carry out, our own business operations independently. We hold the licenses, intellectual properties, R&D facilities and qualifications necessary to carry on our current business through direct ownership. We have sufficient capital, facilities, technology and employees to operate the business independently from our Single Largest Shareholder and his close associates. We have access to third parties independently from and not connected with our Single Largest Shareholder for sources of suppliers and business partners.

Based on the above, our Directors believe that we are operationally independent from our Single Largest Shareholder and his close associates.

Management Independence

Our management and operational decisions are made by the Board in a collective manner. The Board comprises three executive Directors, three non-executive Directors and three independent non-executive Directors.

Our Directors are of the view that our other Directors have relevant experience to ensure the proper functioning of the Board. We further believe that our Directors and members of the senior management are able to perform their roles in our Company in managing our business independently from our Single Largest Shareholder and his close associates for the following reasons:

(i) as a part of our preparation for the **[REDACTED]**, we have promulgated the Articles of Association to comply with the Listing Rules. In particular, the Articles of Association provide that any Director, Supervisor and senior management member should not place himself or herself in a position where his or her duty and his or her own interests may conflict. In the event of a conflict of interest arising out of any transactions to be entered into by our Group, all Directors with conflicting interest shall abstain from voting in respect of such transactions and shall not be counted in forming a quorum at the relevant Board meetings;

(ii) our daily management and operations are carried out by our executive Directors and senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interest of the Group. For details of the industry experience of our executive Directors and senior management team, see "Directors, Supervisors and Senior Management";

(iii) our independent non-executive Directors have extensive experience in different areas. We believe that they will be able to exercise their independent judgment and will be able to provide impartial opinions in the decision-making process of our Board to protect the interests of our Shareholders;

(iv) each of our Directors is aware of his or her fiduciary duties as a director, which requires, among other things, that he or she acts for our Company's best interests and he or she must not allow any conflict between his or her duties as a Director and his or her personal interests; and

(v) where a Board meeting or Shareholders' meeting is held to consider a proposed transaction in which our Directors or Single Largest Shareholder or any of their respective close associates have a material interest, the relevant Directors or our Single Largest Shareholder and their respective close associates shall abstain from voting on the relevant resolutions and shall not be counted towards the quorum for the voting.

Financial Independence

We have established our own financial department with a team of independent financial staff responsible for discharging treasury, accounting, reporting, and internal control functions independent from our Single Largest Shareholder and his close associates from a financial perspective, as well as an independent financial system to make the decisions based on our own business needs. We maintain bank accounts independently and do not share any bank accounts with our Single Largest Shareholder and his close associates. We make tax registration and pay tax independently with our own funds. In addition, we are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Single Largest Shareholder and his close associates. During the Track Record Period and as of the Latest Practicable Date, we had received a series of Pre-**[REDACTED]** Investments from third party investors independently. For details of the Pre-**[REDACTED]** Investments, see "History, Development and Corporate Structure." As of the Latest Practicable Date, there were no loans, advances and balances due to and from our Single Largest Shareholder or his close associates, nor any pledges and guarantees provided by our Single Largest Shareholder or his close associates on our Group's borrowing.

Corporate Governance Measures

Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between our Single Largest Shareholder and our Group and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

(i) under the Articles of Association, where a Shareholders' meeting is to be held for considering proposed transactions in which our Single Largest Shareholder or any of his close associates has a material interest, our Single Largest Shareholder will not vote on the resolutions and shall not be counted in the quorum in the voting;

(ii) our Company has established internal control mechanisms to identify connected transactions. Upon **[REDACTED]**, if any transaction that is proposed between our Group and our Single Largest Shareholder and his associates, we will comply with the requirements of the Articles of Association and the Listing Rules, including, where appropriate, the reporting, annual review by the independent non-executive Directors, announcement and independent shareholders' approval;

(iii) our Board consists of a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors, with independent non-executive Directors representing not less than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Single Largest Shareholder and provide impartial and professional advice to protect the interests of our minority Shareholders;

(iv) our Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements;

(v) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company expenses; and

(vi) we have appointed Rainbow Capital (HK) Limited as our compliance advisor, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Company and our Single Largest Shareholder, and to protect our minority Shareholders' interests after **[REDACTED]**.

BEFORE THE COMPLETION OF THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company was RMB356,092,695, comprising 356,092,695 Unlisted Shares with a nominal value of RMB1.00 each.

UPON THE COMPLETION OF THE [REDACTED]

Immediately following the completion of the **[REDACTED]** and conversion of Unlisted Shares into H Shares, assuming that the **[REDACTED]** is not exercised, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to the total share capital of our Company
		(%)
Unlisted Shares in issue (1)	145,607,656	**[REDACTED]**
H Shares converted from Unlisted Shares (2)	210,485,039	**[REDACTED]**
H Shares to be issued under the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**100.00**

Immediately following the completion of the **[REDACTED]** and conversion of Unlisted Shares into H Shares, assuming that the **[REDACTED]** is fully exercised, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to the total share capital of our Company
		(%)
Unlisted Shares in issue (1)	145,607,656	**[REDACTED]**
H Shares converted from Unlisted Shares (2)	210,485,039	**[REDACTED]**
H Shares to be issued under the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**100.00**

Notes:

(1). The Unlisted Shares in issue refer to 36,780,390 Unlisted Shares held by ZJ Leading Initiating VC, 35,091,495 Unlisted Shares held by Dr. Tian, 19,263,240 Unlisted Shares held by Lapam Capital, 10,862,055 Unlisted Shares held by Zhangjiang Sci & Tech, 7,758,630 Unlisted Shares held by Jiaxing Changxian, 7,419,847 Unlisted Shares held by Jiaxing Changyu, 7,214,085 Unlisted Shares held by Suzhou Likang Equity Investment Centre (Limited Partnership) (蘇州禮康股權投資中心(有限合夥)), 3,463,673 Unlisted Shares held by Gongqing City Ruiji Fund III Investment Partnership (共青城瑞吉三期投資合夥企業(有限合夥)), 3,350,655 Unlisted Shares held by Sunshine Life Insurance Corporation Limited (陽光人壽保險股份有限公司), 2,633,332 Unlisted Shares held by Shengzhou Minglang Industry Development Equity Investment Fund Partnership (Limited Partnership) (嵊州市銘朗產業發展股權投資基金合夥企業(有限合夥)), 2,347,150 Unlisted Shares held by Shihezi Yaluo Equity Investment Partnership (Limited Partnership) (石河子市雅羅股權投資有限合夥企業), 2,271,083 Unlisted Shares held by Granite Peak Limited, 1,731,836 Unlisted Shares held by Borah Peak Limited, 1,697,445 Unlisted Shares held by Nanjing Xingjian Ruiying Equity Investment Partnership (Limited Partnership) (南京星健睿贏股權投資合夥企業(有限合夥)), 1,227,717 Unlisted Shares held by Gongqing City Chuangdongfang Huaying Equity Investment Partnership (Limited Partnership) (共青城創東方華盈股權投資合夥企業(有限合夥)), 1,066,815 Unlisted Shares held by Shanghai Sci-Tech Innovation Center Capital Fund I (Limited Partnership) (上海科創中心壹號股權投資基金合夥企業(有限合夥)), 753,840 Unlisted Shares held by Suzhou Lirun Equity Investment Centre (Limited Partnership) (蘇州禮潤股權投資中心(有限合夥)) and 674,370 Unlisted Shares held by Wuhu Bloomage Langya Healthcare Industry Investment Partnership (Limited Partnership) (蕪湖華熙朗亞健康產業投資合夥企業(有限合夥)).

(2). Following the completion of the **[REDACTED]** and according to the approval issued by the CSRC on January 31, 2023, 210,485,039 Unlisted Shares will be converted into H Shares on a one-for-one basis and **[REDACTED]** on the Stock Exchange for **[REDACTED]**.

CLASS OF SHARES

Upon the completion of the **[REDACTED]** and the conversion of our Unlisted Shares into H Shares held by the existing Shareholders, we would have two classes of Shares: H Shares as one class, Unlisted Shares comprising Domestic Shares and Unlisted Foreign Shares as another class. Both Unlisted Shares and H Shares are all ordinary Shares in the share capital of our Company.

The differences between the two classes of shares and provisions on class rights, the despatch of notices and financial reports to Shareholders, registration of Shares on different registers of Shareholders, the method of share transfer and appointment of dividend receiving agents are set out in the Articles of Association and summarized in "Appendix V — Summary of Articles of Association." The rights conferred on any class of Shareholders may not be varied or abrogated unless approved by a special resolution of the general meeting of Shareholders and by the holders of Shares of that class at a separate meeting. The circumstances which shall be deemed to be a variation or abrogation of the rights of a class are listed in "Appendix V — Summary of Articles of Association."

Except for the differences above, Unlisted Shares and H Shares will however rank pari passu with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars or in the form of H Shares.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

Our Unlisted Shares comprise Domestic Shares and Unlisted Foreign Shares which are currently not **[REDACTED]** or **[REDACTED]** on any stock exchange.

According to the regulations issued by the CSRC and our Articles of Association, the holders of these Unlisted Shares may, at their own option, authorize the Company to apply to the CSRC for conversion of their respective Unlisted Shares to H Shares, and such converted Shares may be **[REDACTED]** and **[REDACTED]** on an overseas stock exchange provided that the conversion, **[REDACTED]** and **[REDACTED]** of such converted Shares have been approved by the securities regulatory authorities of the State Council. Additionally, such conversion, **[REDACTED]** and **[REDACTED]** shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. Save as disclosed in this document and to the best knowledge of our Directors, we are not aware of the intention of such existing Shareholders to convert their Unlisted Shares.

If any of the Unlisted Shares are to be converted, **[REDACTED]** and **[REDACTED]** as H Shares on the Stock Exchange, the approvals of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary for such conversion. Based on the procedures for the conversion of Unlisted Shares into H Shares as set forth below, we will apply for **[REDACTED]** of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion after the **[REDACTED]** to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As **[REDACTED]** of additional Shares after **[REDACTED]** on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our **[REDACTED]** in Hong Kong. No Shareholder voting is required for the conversion of such Shares or **[REDACTED]** and **[REDACTED]** of such converted Shares on an overseas stock exchange. Any application for **[REDACTED]** of the converted shares on the Stock Exchange after our initial **[REDACTED]** is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite approvals have been obtained, the relevant Unlisted Shares will be withdrawn from the Unlisted Share register, and our Company will re-register such Shares on the H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on the H Share register of our Company will be on the conditions that (i) the H Share Registrar lodges with the Stock Exchange a letter confirming the entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates; and (ii) the admission of the H Shares to be **[REDACTED]** on the Stock Exchange complies with the Listing Rules and the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the converted Shares are re-registered on the H Share register of our Company, such Shares would not be **[REDACTED]** as H Shares. For details of our existing Shareholders' proposed conversion of Unlisted Shares into H Shares, see "History, Development and Corporate Structure — **[REDACTED]**."

RESTRICTIONS OF SHARE TRANSFER

In accordance with the PRC Company Law, the shares issued prior to any **[REDACTED]** of shares by a company cannot be transferred within one year from the date on which such **[REDACTED]** shares are **[REDACTED]** and **[REDACTED]** on the relevant stock exchange. As such, the Shares issued by our Company prior to the issue of H Shares will be subject to such statutory restriction on transfer within a period of one year from the **[REDACTED]**.

Our Directors, Supervisors and members of the senior management of our Company shall declare their shareholdings in our Company and any changes in their shareholdings. Shares transferred by our Directors, Supervisors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company. The Shares that the aforementioned persons held in our Company cannot be transferred within one year from the date on which the Shares are **[REDACTED]** and **[REDACTED]**, nor within half a year after they leave their positions in our Company. The Articles of Association may contain other restrictions on the transfer of the Shares held by our Directors, Supervisors and members of senior management of our Company.

For details of the lock-up undertaking given by our Single Largest Shareholder pursuant to Rule 10.07 of the Listing Rules, see "**[REDACTED]**"

REGISTRATION OF SHARES NOT [REDACTED] ON AN OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, our Company is required to register and deposit our Shares that are not **[REDACTED]** on the overseas stock exchange with the CSDC within 15 business days after **[REDACTED]** and provide a written report to the CSRC regarding the centralized registration and deposit of our Shares that are not **[REDACTED]** on the overseas stock exchange as well as the **[REDACTED]** and **[REDACTED]** of our H Shares.

GENERAL MANDATE TO [REDACTED] SHARES

Subject to the completion of the **[REDACTED]**, our Board has been granted a general mandate to allot and **[REDACTED]** H Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which our Shareholders pass a resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes as our Board in their absolute discretion deem fit, provided that, the number of H Shares to be issued shall not exceed 20% of the number of H Shares in **[REDACTED]** as at the **[REDACTED]**. For further details on this general mandate, see "Appendix VI — Statutory and General Information — A. Further Information about our Group — 4. Resolutions of the Shareholders of our Company Passed on June 14, 2022."

SHAREHOLDERS' APPROVAL FOR THE [REDACTED]

Approval from our Shareholders is required for our Company to **[REDACTED]** H Shares and seek **[REDACTED]** of H Shares on the Stock Exchange. Our Company has obtained such approval at the Shareholders' general meeting held on June 14, 2022.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the **[REDACTED]** and the conversion of our Unlisted Shares to H Shares assuming the **[REDACTED]** is not exercised, the following persons will have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Capacity/Nature of interest	Class of Shares upon the completion of the [REDACTED]	Number of Shares	Approximate percentage of shareholding in the issued share capital of our Company as of the date of this document	Approximate percentage of shareholding in the total Share capital immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised) (1)	Approximate percentage of shareholding in the relevant class of Shares immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised) (2)
Dr. Tian (3) (4)	Beneficial owner	Unlisted Shares	35,091,495	9.85%	[REDACTED]%	[REDACTED]%
		H Shares	35,091,495	9.85%	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation; Interest of spouse	H Shares	18,000,000	5.05%	[REDACTED]%	[REDACTED]%
	Interest in controlled corporations	Unlisted Shares	15,178,477	4.26%	[REDACTED]%	[REDACTED]%
		H Shares	15,178,478	4.26%	[REDACTED]%	[REDACTED]%
Halo Investment II (3)	Beneficial owner	H Shares	18,000,000	5.05%	[REDACTED]%	[REDACTED]%
Jiaxing Changxian (4)	Beneficial owner	Unlisted Shares	7,758,630	2.18%	[REDACTED]%	[REDACTED]%
		H Shares	7,758,630	2.18%	[REDACTED]%	[REDACTED]%
Jiaxing Changyu (4) . .	Beneficial owner	Unlisted Shares	7,419,847	2.08%	[REDACTED]%	[REDACTED]%
		H Shares	7,419,848	2.08%	[REDACTED]%	[REDACTED]%
Mr. Yu Xiaoyong (于晓勇) (5)	Interest in controlled corporations	Unlisted Shares	36,780,390	10.33%	[REDACTED]%	[REDACTED]%
		H Shares	5,554,305	1.56%	[REDACTED]%	[REDACTED]%
ZJ Leading Initiating VC (5)	Beneficial owner	Unlisted Shares	36,780,390	10.33%	[REDACTED]%	[REDACTED]%
Lapam Capital (6) . . .	Beneficial owner	Unlisted Shares	19,263,240	5.41%	[REDACTED]%	[REDACTED]%
Mr. Yi Shi (7)	Interest in controlled corporations	H Shares	27,721,575	7.78%	[REDACTED]%	[REDACTED]%
LAV ImmuneOnco (7)	Beneficial owner	H Shares	15,178,770	4.26%	[REDACTED]%	[REDACTED]%
Mr. Cheng Yiquan (程義全)(8)	Interest in controlled corporations	H Shares	16,560,270	4.64%	[REDACTED]%	[REDACTED]%
Mr. Chen Fei (陳飛) (9)	Interest in controlled corporations	Unlisted Shares	7,967,925	2.24%	[REDACTED]%	[REDACTED]%
		H Shares	7,967,925	2.24%	[REDACTED]%	[REDACTED]%
GBA Investment (10) .	Beneficial owner	H Shares	13,854,690	3.89%	[REDACTED]%	[REDACTED]%
Zhangjiang Sci & Tech (11)	Beneficial owner	Unlisted Shares	10,862,055	3.05%	[REDACTED]%	[REDACTED]%

Notes:

(1) The calculation is based on the total number of **[REDACTED]** Shares in issue immediately after completion of the **[REDACTED]** (without taking into account the H Shares which may be issued upon the exercise of the **[REDACTED]**).

(2) The calculation is based on the total number of 145,607,656 Unlisted Shares and **[REDACTED]** H Shares in issue immediately after completion of the **[REDACTED]** (without taking into account the H Shares which may be issued upon the exercise of the **[REDACTED]**).

(3) Halo Investment II, one of our Employee Shareholding Platforms and a limited liability company incorporated under the laws of the BVI, is wholly owned by Halo LP, a limited partnership established under the laws of the BVI. The general partner of Halo LP is Halo Biomedical Investment I Limited ("**Halo Investment I**"). As of the Latest Practicable Date, Dr. Tian was the sole director of Halo Investment I and controlled the voting rights in Halo Investment I pursuant to the voting agreement entered into between Dr. Tian and the sole shareholder of Halo Investment I, and Halo Investment I was accustomed to act in accordance with Dr. Tian's instruction. For further details of the voting agreement, see "History, Development and Corporate Structure — Employee Shareholding Platforms — Halo Investment II."

Further, as of the Latest Practicable Date, Dr. Yumei Ding, the spouse of Dr. Tian and a consultant of our Group, held more than one-third of interests as a limited partner in Halo LP. All limited partners of Halo LP do not have any voting rights in our Company which are resided with the sole director of Halo Investment I being Dr. Tian. As such, under the SFO, Dr. Tian is deemed to be interested in 18,000,000 H Shares held by Halo Investment II as well as Dr. Yumei Ding's deemed interest in Halo Investment II.

(4) Each of Jiaxing Changxian and Jiaxing Changyu, our Employee Shareholding Platforms, is a limited partnership incorporated under the laws of the PRC and is managed by its general partner, Jiaxing Hanning Enterprise Management Co., Ltd. (嘉興翰濘企業管理有限公司), which is ultimately controlled by Dr. Tian. As such, under the SFO, Dr. Tian is deemed to be interested in an aggregate of 15,178,477 Unlisted Shares and 15,178,478 H Shares held by Jiaxing Changxian and Jiaxing Changyu.

(5) ZJ Leading Initiating VC beneficially owns 36,780,390 Unlisted Shares and ZJ Leading SiQi VC beneficially owns 5,554,305 H Shares. ZJ Leading Initiating VC is a limited partnership incorporated under the laws of the PRC, whose general partner is Shanghai Zhangke Lingyi Enterprise Management Center (Limited Partnership) (上海張科領醫企業管理中心(有限合夥)), a limited partnership incorporated under the laws of the PRC, which is ultimately controlled by Mr. Yu Xiaoyong (于曉勇), our non-executive Director. ZJ Leading SiQi VC is a limited partnership incorporated under the laws of the PRC, whose general partner is Jiaxing Linghe Equity Investment Partnership (Limited Partnership) (嘉興領和股權投資合夥企業(有限合夥)), a limited partnership incorporated under the laws of PRC, which is also ultimately controlled by Mr. Yu Xiaoyong (于曉勇). As such, under the SFO, Mr. Yu Xiaoyong (于曉勇) is deemed to be interested in 36,780,390 Unlisted Shares and 5,554,305 H Shares held by ZJ Leading Initiating VC and ZJ Leading SiQi VC.

(6) Lapam Capital is a limited partnership incorporated under the laws of the PRC, whose general partner is Tibet Lapam Yijing Venture Capital Center (Limited Partnership) (西藏龍磐怡景創業投資中心(有限合夥)), which is ultimately controlled by Mr. Yu Zhihua (余治華), one of our non-executive Directors. As such, under the SFO, Mr. Yu Zhihua (余治華) is deemed to be interested in 19,263,240 Unlisted Shares held by Lapam Capital.

(7) LAV ImmuneOnco beneficially owns 15,178,770 H Shares and LAV ImmOn Hong Kong Limited (禮安宜申有限公司) ("**LAV ImmOn**") beneficially owns 12,542,805 H Shares. LAV ImmuneOnco, a private company incorporated under the laws of Hong Kong, is wholly owned by LAV Biosciences Fund V, L.P. ("**LAV V**"), which is ultimately controlled by Mr. Yi Shi. LAV ImmOn, a private company incorporated under the laws of Hong Kong, is held as to 50% by LAV Fund VI, L.P. and as to 50% by LAV Fund VI Opportunities, L.P., each of which is also ultimately controlled by Mr. Yi Shi. As such, under the SFO, Mr. Yi Shi is deemed to be interested in an aggregate of 27,721,575 H Shares held by LAV ImmuneOnco and LAV ImmOn.

(8) Jiaxing Liyou Equity Investment Partnership (嘉興理悠股權投資合夥企業(有限合夥)) ("**Jiaxing Liyou**") beneficially owns 4,743,630 H Shares, Shanghai Licheng Yijing Equity Investment Management Center (Limited Partnership) (上海理成宜璟股權投資管理中心(有限合夥)) ("**Licheng Investment**") beneficially owns 9,631,620 H Shares and Milestone Asset Management (Cayman) Co., Ltd. ("**Milestone Asset**") beneficially owns 2,185,020 H Shares. Each of Jiaxing Liyou and Licheng Investment is a limited partnership and private equity fund incorporated under the laws of the PRC. The general partner of both Jiaxing Liyou and Licheng Investment is Shanghai Li Neng Asset Management Co., Ltd. (上海理能資產管理有限公司), which is ultimately controlled by Mr. Cheng Yiquan (程義全). Milestone Asset is a limited liability company incorporated under the laws of Cayman Islands. As of the Latest Practicable Date, Milestone Asset was owned as to 99.99% by Mr. Cheng Yiquan (程義全). As such, under the SFO, Mr. Cheng Yiquan (程義全) is deemed to be interested in an aggregate of 16,560,270 H Shares held by Jiaxing Liyou, Licheng Investment and Milestone Asset.

(9) Suzhou Likang Equity Investment Centre (Limited Partnership) (蘇州禮康股權投資中心(有限合夥)) ("**Suzhou Likang**") beneficially owns 7,214,085 Unlisted Shares and 7,214,085 H Shares and Suzhou Lirun Equity Investment Centre (Limited Partnership) (蘇州禮潤股權投資中心(有限合夥)) ("**Suzhou Lirun**") beneficially owns 753,840 Unlisted Shares and 753,840 H Shares. Each of Suzhou Likang and Suzhou Lirun is a limited partnership incorporated under the laws of the PRC. The general partner of Suzhou Likang is Shanghai Liyi Investment Management Limited Partnership (上海禮貽投資管理合夥企業(有限合夥)) and the general partner of Suzhou Lirun is Shanghai Likun Enterprise Management Partnership (Limited Partnership) (上海禮堃企業管理合夥企業(有限合夥)), each of which is ultimately controlled by Mr. Chen Fei (陳飛). As such, under the SFO, Mr. Chen Fei (陳飛) is deemed to be interested in an aggregate of 7,967,925 Unlisted Shares and 7,967,925 H Shares held by Suzhou Likang and Suzhou Lirun.

(10) GBA Fund Investment Limited is a wholly-controlled subsidiary of Greater Bay Area Homeland Development Fund LP (大灣區共同家園發展基金有限合夥) ("(**Greater Bay Area Fund**"). The general partner of Greater Bay Area Fund is Greater Bay Area Homeland Development Fund (GP) Limited, and Greater Bay Area Fund is a fund that was jointly established by multi-national industrial corporations, financial institutions, and new economic enterprises. Greater Bay Area Fund is under discretionary management of Greater Bay Area Development Fund Management Limited ("**GBA Fund Management**"). Each of Greater Bay Area Homeland Development Fund (GP) Limited and GBA Fund Management is controlled by GBA Homeland Limited, which is wholly owned by Greater Bay Area Homeland Investments Limited. As such, under the SFO, Greater Bay Area Homeland Investments Limited is deemed to be interested in 13,854,690 H Shares held by GBA Fund Investment Limited.

(11) Zhangjiang Sci & Tech is a company incorporated under the laws of the PRC, which is wholly owned by Zhangjiang Group (上海張江(集團)有限公司), a company wholly owned by Shanghai Municipal Pudong New Area State-owned Assets Supervision and Administration Commission (上海市浦東新區國有資產管理委員會). As such, under the SFO, Shanghai Municipal Pudong New Area State-owned Assets Supervision and Administration Commission is deemed to be interested in 10,862,055 Unlisted Shares held by Zhangjiang Sci & Tech.

Save as disclosed above, our Directors are not aware of any person who will, immediately following completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised), have any interest and/or short position in the Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company or any other member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

BOARD OF DIRECTORS

The Board currently consists of nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. Pursuant to the Articles of Association, our Directors are elected and appointed by our Shareholders at a Shareholders' meeting for a term of three years, which is renewable upon re-election and re-appointment.

The following table sets forth the key information about our Directors:

Name	Position	Age	Date of joining our Group	Date of appointment as Director	Responsibilities
Dr. Tian Wenzhi (田文志).	Chairman of our Board, chief executive officer, chief scientific officer and executive Director	59	June 18, 2015	June 18, 2015	Responsible for overall strategic planning, business management, and research and development of our Group
Mr. Li Song (李松).	Vice president of research and development and executive Director	38	December 17, 2015	December 17, 2015	Responsible for leading preclinical research and development efforts of our Group
Ms. Song Ziyi (宋子一).	Chief financial officer and executive Director	38	July 26, 2021	January 17, 2022	Responsible for the formulation of financial and development strategies, and overseeing the overall financial management and corporate development of our Group
Dr. Xu Cong (徐聰).	Non-executive Director	37	October 14, 2020	October 14, 2020	Responsible for advising on our business plans, major decisions and investment activities of our Group
Mr. Yu Zhihua (余治華).	Non-executive Director	55	March 30, 2018	March 30, 2018	Responsible for advising on our business plans, major decisions and investment activities of our Group
Mr. Yu Xiaoyong (于曉勇).	Non-executive Director	50	December 15, 2015	December 15, 2015	Responsible for advising on our business plans, major decisions and investment activities of our Group
Dr. Zhenping Zhu . . .	Independent non-executive Director	58	August 3, 2016	August 3, 2016	Responsible for supervising and providing independent advice to our Board
Dr. Kendall A. Smith .	Independent non-executive Director	81	June 14, 2022	June 14, 2022	Responsible for supervising and providing independent advice to our Board
Mr. Yeung Chi Tat (楊志達).	Independent non-executive Director	53	June 14, 2022	June 14, 2022	Responsible for supervising and providing independent advice to our Board

Executive Directors

Dr. Tian Wenzhi (田文志), aged 59, founded our Group in June 2015 and has been serving as a Director since then. He has been serving as the chairman of our Board and the chief executive officer of our Company since December 15, 2015 and has been serving as the chief scientific officer of our Company since June 18, 2018. He was re-designated as an executive Director on June 14, 2022. Dr. Tian is responsible for the overall strategic planning, business management, and research and development of our Group. Since inception, Dr. Tian has been the key driving force in our innovation and overseen our science-driven research and development efforts, from discovery, target selection and validation, CMC development, to clinical studies. He is currently also a director of ImmuneTANK, ImmuneOnco Shanghai, Macroimmune and ImmuneOnco Hong Kong.

Dr. Tian has over 30 years of experience in the biomedical industry. Prior to founding our Company, Dr. Tian served as a teaching assistant at the Medical School of Zhengzhou University (鄭州大學醫學院) (formerly known as Henan Medical University (河南醫科大學) from July 1990 to September 1993. Dr. Tian also worked on cloning of c-Rel regulated genes that are involved in B cell functions at Weill Cornell Medical College for several years. He later served as a principal research associate at ImClone Systems Inc., a company primarily engaging in research and development of anti-tumor antibody drugs from January 2006 to April 2011, where he was responsible for research of monoclonal antibody drugs addressing novel tumor targets. Dr. Tian co-founded Huabo Biopharm (Shanghai) Co., Ltd. (華博生物醫藥技術(上海)有限公司) ("**Huabo Biopharm**"), a company primarily engaging in research and development of new biological drug in tumors and autoimmune diseases, and served as its general manager from June 2011 to April 2015.

Dr. Tian was recognized as a senior biomedical engineer by Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in November 2019. Dr. Tian served as a visiting professor at the First Affiliated Hospital of Zhengzhou University (鄭州大學第一附屬醫院), a visiting professor at Henan Medical University (河南大學醫學院), a distinguished professor at the Second Affiliated Hospital of Zhengzhou University (鄭州大學第二附屬醫院) and a visiting professor at School of Pharmacy, Fudan University (復旦大學藥學院), respectively.

Dr. Tian has published 32 scientific papers, participated in the edition of one monograph and owns 13 issued patents.

Dr. Tian obtained a bachelor's degree in medicine and a master's degree in immunology of basic medicine department from the Medical School of Zhengzhou University (河南醫科大學) in the PRC in July 1987 and July 1990, respectively. Dr. Tian pursued his postdoctoral training as a Doctor of Medicine at North Shore University Hospital in the United States from October 1997 to April 2001. He also participated in research at Karolinska Institute in Sweden.

Mr. Li Song (李松), aged 38, joined our Group in December 2015 and has been serving as a Director since then. Mr. Li served as the senior director of research and development of our Company from January 2019 to January 2023, and has been serving as the vice president of research and development of our Company since January 2023. He was re-designated as an executive Director on June 14, 2022. Mr. Li is responsible for leading preclinical research and development efforts of our Group.

Mr. Li has over 10 years of experience in the biopharmaceutical and biological science industries. Prior to joining our Group, Mr. Li served as a manager of the research and development department at Huabo Biopharm from April 2012 to December 2015, where he was responsible for *in vitro* studies of antibodies and fusion proteins, construction of stable cell strains and other matters related to molecular biology.

Mr. Li obtained a bachelor's degree in biological science from Inner Mongolia University of Science & Technology (內蒙古科技大學) in the PRC in July 2008 and a master's degree in biochemistry and molecular biology from Jilin Agricultural University (吉林農業大學) in the PRC in July 2011.

Ms. Song Ziyi (宋子一), aged 38, has been serving as the chief financial officer of our Company since July 2021 and a Director since January 2022. She was re-designated as an executive Director on June 14, 2022. Ms. Song is responsible for the formulation of financial and development strategies, and overseeing the overall financial management and corporate development of our Group.

Ms. Song has over 15 years of experience in corporate finance and healthcare investment management. Prior to joining our Group, Ms. Song served in the global investment banking division of Bank of America Securities (formerly known as Merrill Lynch and Bank of America Merrill Lynch) from 2006 to 2009 and subsequently from 2010 to 2015, holding her last position as a vice president. After that, Ms. Song served as a director of the corporate advisory division with UBS Securities Hong Kong Limited from 2015 to 2017. Ms. Song later served as a director in the investment banking division of CLSA Limited from 2017 to 2020. From 2020 to 2021, she served as a managing director with Greater Bay Area Development Fund Management Limited (大灣區發展基金管理有限公司), leading the healthcare investment efforts of the fund.

Ms. Song obtained a bachelor's degree in mathematics from the University of Chicago in the United States in June 2006 and a master's degree in medical sciences from the University of Hong Kong in Hong Kong in November 2021.

Non-executive Directors

Dr. Xu Cong (徐聰), Ph.D., aged 37, joined our Group in October 2020 and has been serving as a Director since then. He was re-designated as a non-executive Director on June 14, 2022. Dr. Xu is responsible for advising on our business plans, major decisions and investment activities of our Group.

Dr. Xu has approximately 10 years of experience in the biomedical and financial industries. Prior to joining our Group, Dr. Xu joined Lilly Suzhou Pharmaceutical Co., Ltd. Shanghai Branch (禮來蘇州製藥有限公司上海分公司), which is a subsidiary of Eli Lilly and Company, a company listed on the New York Stock Exchange ("**NYSE**") (stock code: LLY), in August 2012. He has been serving as an executive director of Lilly Asia Ventures (禮來亞洲基金) since January 2018. Dr. Xu has been serving as a non-executive director of EdiGene Inc. (博雅輯因生物科技有限公司) and NovoDodex Biopharmaceuticals Co., Ltd. (浙江新碼生物醫藥有限公司) since August 2018 and March 2021, respectively. He has also been serving as the chairman of the board of Impact Therapeutics (Nanjing) (南京英派藥業有限公司) since July 2020.

Dr. Xu obtained a bachelor's degree in clinical medicine from Tongji Medical College of Huazhong University of Science and Technology (華中科技大學同濟醫學院) in the PRC in June 2007 and a Ph.D. in biological sciences from Clemson University in the United States in May 2012. He also obtained a master's degree in business administration from the University of British Columbia in Canada in May 2018 through attending long-distance learning courses.

Mr. Yu Zhihua (余治華), aged 55, joined our Group in March 2018 and has been serving as a Director since then. He was re-designated as a non-executive Director on June 14, 2022. Mr. Yu is responsible for advising on our business plans, major decisions and investment activities of our Group.

Mr. Yu has over 30 years of experiences in investment management and strategic business development. Prior to joining our Group, Mr. Yu founded Beijing Lapam Capital Management Consultant Center (General Partnership) (北京龍磐投資管理諮詢中心(普通合夥)) in 2010 and has been its managing partner since then. He has been serving as a non-executive director of Betta Pharmaceuticals Co., Ltd. (貝達藥業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300558), since October 2017.

Mr. Yu obtained a bachelor's degree in economics from Renmin University of China (中國人民大學) in the PRC in July 1990, and his master's degrees in taxation and business administration from George Washington University in the United States in January 1999 and January 2001, respectively.

Mr. Yu Xiaoyong (于曉勇), aged 50, joined our Group in December 2015 and has been serving as a Director since then. He was re-designated as a non-executive Director on June 14, 2022. Mr. Yu is responsible for advising on our business plans, major decisions and investment activities of our Group.

Mr. Yu has approximately 19 years of experience in project management and investment. Prior to joining our Group, Mr. Yu successively served as an investment manager and the investment director at Shanghai Dingjia Ventures Co., Ltd. (上海鼎嘉創業投資管理有限公司) from August 2003 to June 2009, during which he was mainly responsible for project management and project investment. He served as the investment director at Shanghai Zhangjiang Technology Venture Investment Co., Ltd. (上海張江科技創業投資有限公司) from July 2009 to November 2015. He also served as a representative of the executive partner of ZJ Leading Initiating VC, one of our substantial Shareholder, and the chairman of the board of Shanghai Yongkan Investment Management Co., Ltd. (上海永堪投資管理有限公司) from December 2015 to June 2021. Mr. Yu has been serving as a director of Shanghai Yinpao Information Technology Co., Ltd. (上海引跑信息科技有限公司) since August 2010 and an executive director and the general manager of Shanghai Jiangxun Investment Management Co., Ltd. (上海江尋投資管理有限公司) since January 2016, respectively. He has also been serving as a director of Shanghai Simp Bio-science Co., Ltd. (上海鑫譜生物科技有限公司) since August 2019, a supervisor of Shanghai NewMed Medical Co., Ltd. (上海紐脈醫療科技股份有限公司) since March 2021 and an executive director of Shanghai Haili Biotech Service Co., Ltd. (上海海歷生物技術服務有限公司) since October 2021. Mr. Yu has also been serving as a director of Hengjing Hechuang Biopharma (Zhejiang) Co., Ltd. (恒敬合創生物醫藥（浙江）有限公司) since July 2022, Shanghai Hepu Pharmaceutical Co., Ltd. (上海賀普藥業股份有限公司) since July 2022, Shanghai Jiewei Medical Technology Co., Ltd. (上海傑威醫藥科技有限公司) since September 2022 and Shanghai Novamab Biopharmaceuticals Co., Ltd. (上海洛啟生物醫藥技術有限公司) since September 2022, respectively.

Mr. Yu obtained a bachelor's degree in technology economics from Jilin Industrial University (吉林工業大學) (currently known as Jilin University (吉林大學)) in the PRC in July 1994 and a master's degree in business administration from Nankai University (南開大學) in the PRC in January 2001. Mr. Yu has been a qualified intermediate economist in the PRC since November 1998. He obtained the qualification of practitioners in funds industry issued by the Asset Management Association of China (中國證券投資基金業協會) in December 2017.

Independent non-executive Directors

Dr. Zhenping Zhu, Ph.D., aged 58, has been our independent non-executive Director since September 2016. He was re-designated as an independent non-executive Director on June 14, 2022. Dr. Zhu is responsible for supervising and providing independent advice to our Board.

Dr. Zhu has approximately 30 years of experience in the pharmaceutical industry and innovative drug research development. Prior to joining our Group, Dr. Zhu had positions in various biopharmaceutical companies, including ImClone Systems Inc., Novartis Pharma AG, which is a

subsidiary of Novartis AG, a company dually listed on the NYSE (stock code: NVS) and Six Swiss Exchange (stock code: NOVN), and Kadmon Corporation. After that, Dr. Zhu successively served as the president of research and development and the chief scientific officer at 3SBio Inc. (三生製藥公司) ("**3SBio Inc**."), a company listed on the Stock Exchange (stock code: 1530), from January 2017 to May 2019. He also served as a director, the president of research and development and the chief scientist of Sunshine Guojian Pharmaceutical (Shanghai) Co., Ltd. (三生國健藥業(上海)股份有限公司), a company listed on the Science and Technology Innovation Board of Shanghai Stock Exchange (stock code: 688336) and also a subsidiary of 3SBio Inc., from June 2019 to January 2022. Dr. Zhu also previously served as a non-executive director on the board of Refuge Biotechnologies Inc., Verseau Therapeutics and Numab Therapeutic AG. In January 2022, Dr. Zhu founded HanBio Therapeutics （Shanghai) Co., Ltd. (丹生醫藥技術(上海)有限公司), and served as the chairman of the board and the chief executive officer. In February 2023, Dr. Zhu joined Helixon Biotechnology (Beijing) Co., Ltd. (華深智藥生物科技(北京)有限公司) (commonly known as "Helixon") as a co-founder, and has served as the president and co-chief executive officer since then.

Dr. Zhu obtained a bachelor's degree in clinical medicine from Jiangxi Medical College of Nanchang University (南昌大學江西醫學院) (formerly known as Jiangxi Medical College (江西醫學院)) in the PRC in July 1985 and a master's degree in pharmacology from Peking Union Medical College (北京協和醫學院) (or namely Chinese Academy of Medical Sciences (中國醫學科學院)) in the PRC in October 1988. Dr. Zhu. further obtained his Ph.D. in immunology and pathology from Dalhousie University in Canada in October 1993 and was a post-doctorate fellow at Genentech, Inc. in the United States.

As of the Latest Practicable Date, Dr. Zhu held approximately 10.00% of the partnership interests of Jiaxing Changxian (one of our Onshore Employee Shareholding Platforms), representing an indirect interest of approximately 0.4% of the Company's total issued Share capital.

Dr. Kendall A. Smith, M.D., aged 81, was appointed as an independent non-executive Director on June 14, 2022, and is responsible for supervising and providing independent advice to our Board.

Dr. Smith has over 50 years of experience in medicine and biology education and research. He is currently professor of Emeritus of Medicine & Immunology at Weill Cornell Medical College since 2020. Dr. Smith once successively worked as an assistant professor, an associate professor and a professor of medicine at Dartmouth Medical School for approximately 20 years. He later served as a professor of medicine at Weill Cornell Medical College from 1993 to 2020.

Dr. Smith is a pioneer in immunological research focused on interleukins. He and his research team identified, purified and characterized interleukin molecules and discovered interleukin-2 receptors. His research promoted the advance in understanding the immune system from cells to molecules. Dr. Smith established that the immune system is regulated by hormone-like molecules that can be manipulated therapeutically.

Dr. Smith obtained a bachelor's degree in biology from Denison University in the United States in June 1964 and his doctor's degree in medicine from Ohio State University College of Medicine in the United States in June 1968.

Mr. Yeung Chi Tat (楊志達), aged 53, was appointed as an independent non-executive Director on June 14, 2022, and is responsible for supervising and providing independent advice to our Board.

Mr. Yeung has approximately 30 years of experience in audit, financing and accounting industries. Mr. Yeung is currently the President of the Hong Kong Independent Non-executive Director Association. He has been the chief financial officer and the company secretary at Solargiga Energy Holdings Limited (陽光能源控股有限公司), a company listed on the Stock Exchange (stock code: 757), since December 2021. Prior to joining our Group, Mr Yeung had positions in various companies, including the Hong Kong office of KPMG as an audit manager, Dynasty Fine Wines Group Limited (王朝酒業集團有限公司), a company listed on the Stock Exchange (stock code: 828), as financial controller and the company secretary, and ANTA Sports Products Limited (安踏體育用品有限公司), a company listed on the Stock Exchange (stock code: 2020), as a vice president. After that, Mr. Yeung served as the chief financial officer at Bonjour Holdings Limited (卓悦控股有限公司), a company listed on the Stock Exchange (stock code: 653), from July 2020 to January 2021. Mr. Yeung also served as an independent non-executive director of ANTA Sports Products Limited (安踏體育用品有限公司), a company listed on the Stock Exchange (stock code: 2020), Boer Power Holdings Limited (博耳電力控股有限公司), a company listed on the Stock Exchange (stock code: 1685), and Guodian Technology & Environment Group Corporation Limited (國電科技環保集團股份有限公司), a company formerly listed on the Stock Exchange (stock code: 1296), from February 2007 to June 2018, from September 2010 to June 2020 and from August 2017 to June 2022, respectively. He has been serving as an independent non-executive director of Sitoy Group Holdings Limited (時代集團控股有限公司), a company listed on the Stock Exchange (stock code: 1023), Birmingham Sports Holdings Limited (伯明翰體育控股有限公司), a company listed on the Stock Exchange (stock code: 2309), and New Hope Dairy Holdings Co., Ltd. (新希望乳業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002946), since November 2011, November 2019 and December 2016, respectively.

Mr. Yeung obtained a bachelor's degree in business administration from the University of Hong Kong in November 1993 and a master's degree in professional accounting with distinction from Hong Kong Polytechnic University in Hong Kong in August 2004. Mr. Yeung has been a fellow member of the Hong Kong Institute of Certified Public Accountants since December 2003, the Association of Chartered Certified Accountants since September 2002 and the Institute of Chartered Accountants in England and Wales since October 2017, respectively.

SUPERVISORY COMMITTEE

Our Supervisory Committee comprises three members. Our Supervisors serve a term of three years and may be re-elected for successive reappointments. The functions and duties of the Supervisory Committee include overseeing the financial and business performance of our Group.

The following table sets out information in respect of the Supervisors.

Name	Position	Age	Date of joining our Group	Date of first appointment as Supervisor	Responsibilities
Mr. Gu Jiefeng (顧傑鋒) . . .	Chairman of the Supervisory Committee	40	March 1, 2016	March 1, 2016	Responsible for supervising the performance of our Directors and members of senior management and performing other supervisory duties as a member of the Supervisory Committee
Ms. Tian Miao (田苗)	Supervisor	31	October 26, 2015	July 24, 2017	Responsible for supervising the performance of our Directors and members of senior management and performing other supervisory duties as a member of the Supervisory Committee

Name	Position	Age	Date of joining our Group	Date of first appointment as Supervisor	Responsibilities
Mr. Zhao Zimeng (趙子萌) . . .	Supervisor	32	October 31, 2017	January 17, 2022	Responsible for supervising the performance of our Directors and members of senior management and performing other supervisory duties as a member of the Supervisory Committee

Mr. Gu Jiefeng (顧傑鋒), aged 40, was appointed as a Supervisor in March 2016 and has been serving as the chairman of Supervisory Committee since March 1, 2016. Mr. Gu is responsible for supervising the performance of our Directors and members of senior management and performing other supervisory duties as a member of the Supervisory Committee.

Mr. Gu has approximately 10 years of experience in investment and financing. Mr. Gu has been serving as a duty general manager of Shanghai Zhangke Heren Venture Capital Co., Ltd. (上海張科禾潤創業投資有限公司) since August 2021. He previously worked at Shanghai Yulong Biotech Co., Ltd. (上海裕隆生物科技有限公司) from June 2008 to September 2010. Mr. Gu later worked at Shanghai Pudong Venture Capital Co., Ltd. (上海浦東創業投資有限公司) from December 2010 to September 2013. He also worked at Venture Accelerator Investment Co., Ltd. (創業加速器投資有限公司) from October 2013 to October 2014. Mr. Gu successively served as a senior investment manager and a director of investment at Zhangjiang Sci & Tech, one of our **[REDACTED]** and Shareholders, from October 2014 to October 2018 and from October 2018 to August 2021, respectively.

Mr. Gu has been serving as a director of Skynor Medical (心凱諾醫療科技(上海)有限公司), Shanghai Zhangjiang Transformational Medicine R&D Center Co., Ltd. (上海張江轉化醫學研發中心有限公司), Joymed Technology (巨翊科技(上海)有限公司), Shanghai Maiji Biotech Co., Ltd. (上海麥濟生物技術有限公司), Hedu Biotech (Shanghai) Co., Ltd. (和度生物技術(上海)有限公司), Shanghai Huaiyue Biotech Co., Ltd. (上海懷越生物科技有限公司), Shanghai Antaike Medical Technology Co., Ltd. (上海安鈦克醫療科技有限公司) and Shanghai Sajia Biotechnology Co., Ltd. (上海薩迦生物科技有限公司) since March 2017, September 2017, 2018, December 2018, November 2020, January 2021, June 2022 and December 2022, respectively. He has been serving as a supervisor of Shanghai Auson Pharmaceuticals Co., Ltd. (上海奧全生物醫藥科技有限公司) and Shanghai Crystal Casting Biotechnology Co., Ltd. (上海晶鑄生物科技有限公司) since June 2021 and November 2022, respectively. Mr. Gu obtained a bachelor's degree in biological sciences in July 2005 and a master's degree in genetics in June 2008 from Fudan University (復旦大學) in the PRC.

Ms. Tian Miao (田苗), aged 31, was appointed as a Supervisor in July 2017, and is responsible for supervising the performance of our Directors and members of senior management and performing other supervisory duties as a member of the Supervisory Committee. Ms. Tian is currently a supervisor of our subsidiary, ImmuneTANK.

Ms. Tian joined our Group in October 2015 and has been serving as the head of administration since then. She has also been a supervisor of ImmuneTANK since February 2018.

Ms. Tian obtained a bachelor's degree in enterprise management from Northeast Normal University (東北師範大學) in the PRC in June 2015.

Mr. Zhao Zimeng (趙子萌), aged 32, was appointed as an employee representative Supervisor in January 2022, and is responsible for supervising the performance of our Directors and members of senior management and performing other supervisory duties as a member of the Supervisory Committee. Mr. Zhao is currently a supervisor of our subsidiary, ImmuneOnco Shanghai.

Mr. Zhao joined our Group in October 2017 and has been serving as the manager of the laboratory management department since then. He previously served as a manager of procurement department at Huabo Biopharm from July 2012 to October 2017, where he was responsible for supply chain management for laboratories.

Mr. Zhao obtained a bachelor's degree in clinical medicine from Xinxiang Medical University (新鄉醫學院) in the PRC in January 2016.

SENIOR MANAGEMENT

The following table sets forth the key information about our senior management.

Name	Position	Age	Date of joining our Group	Date of first appointment as our senior management member	Responsibilities
Dr. Tian Wenzhi (田文志).	Chairman of our Board, chief executive officer, chief scientific officer and executive Director	59	June 18, 2015	December 15, 2015	Responsible for overall strategic planning, business management, and research and development of our Group
Mr. Zhang Ruliang (張如亮).	Deputy general manager and senior vice president	39	February 3, 2017	February 3, 2017	Responsible for CMC and global clinical registration of our Group
Dr. Lu Qiying (盧啟應).	Chief medical officer and senior vice president	48	March 21, 2022	March 21, 2022	Responsible for formulating the clinical strategy and direct clinical development of our Group
Mr. Li Song (李松).	Vice president of research and development and executive Director	38	December 17, 2015	January 1, 2019	Responsible for leading preclinical research and development efforts of our Group
Ms. Song Ziyi (宋子一).	Chief financial officer and executive Director	38	July 26, 2021	July 26, 2021	Responsible for the formulation of financial and development strategies, and overseeing the overall financial management and corporate development of our Group
Dr. Xiong Zikai (熊梓鍇).	Senior vice president	43	March 15, 2022	March 15, 2022	Responsible for business development of our Group
Dr. Frank Xiaodong Gan	Senior vice president	60	April 1, 2022	April 1, 2022	Responsible for clinical development of our Group in the United States
Ms. Guan Mei (關梅).	Secretary of the Board and director of the financing and investment strategy department	40	October 8, 2018	May 23, 2022	Responsible for financing activities, internal control and securities and **[REDACTED]** matters of our Group

For the biographical details of Dr. Tian, Mr. Li Song and Ms. Song Ziyi, please see "— Board of Directors."

Mr. Zhang Ruliang (張如亮), aged 39, was appointed as a deputy general manager of our Company in February 2017 and a senior vice president of our Company in January 2023, and is responsible for CMC and global clinical registration of our Group.

Mr. Zhang has over 15 years of work experience in CMC, quality control, regulatory and project management in the biopharmaceutical industry. Prior to joining our Company, Mr. Zhang successively served as a researcher, a controller and the manager of the department of quality at Shanghai Newsummit Biopharma Co., Ltd. (上海新生源生物醫藥研究有限公司) from January 2007 to January 2009. He served as a manager of quality and project manager at General Regeneratives (Shanghai) Limited (交晨生物醫藥技術(上海)有限公司) from February 2009 to September 2012, during which he was responsible for preclinical research and clinical registration. Mr. Zhang later served as the director of projects at Huabo Biopharm from January 2013 to February 2016, during which he was responsible for leading clinical registration and project management.

Mr. Zhang obtained a bachelor's degree in bioengineering from East China University of Science and Technology (華東理工大學) in the PRC in July 2006.

Dr. Lu Qiying (盧啟應), aged 48, was appointed as the chief medical officer and senior vice president of our Company in March 2022, and is responsible for formulating the clinical strategy and direct clinical development of our Group.

Dr. Lu has around 20 years of work experience as a physician and in development of oncology medicine. Prior to joining our Company, Dr. Lu served as a resident physician at the medical oncology department of Beijing Cancer Hospital (北京大學腫瘤醫院) from January 2003 to August 2005. He also served as a senior medical advisor at Merck Serono (Beijing) Pharmaceutical Research and Development Co., Ltd. Shanghai Office (默克雪蘭諾(北京)醫藥研發有限公司上海地區研發中心). Dr. Lu served as a clinical research physician at the medical department of GlaxoSmithKline (China) R&D Company Limited (葛蘭素史克(上海)醫藥研發中心有限公司). He also served as an associate director and clinician at Pfizer (China) Research and Development Co., Ltd. (輝瑞(中國)研究開發有限公司), a Chinese subsidiary of Pfizer Inc., which is a multinational pharmaceutical company listed on the NYSE (stock code: PEF). Dr. Lu served as an associate director and oncology physician at AstraZeneca Investment (China) Company Limited, a Chinese subsidiary of AstraZeneca Plc, which is a company dually listed on the NASDAQ Global Market (stock code: AZN) and the London Stock Exchange (stock code: AZN). He served as a vice general manager of clinical development at Ascentage Pharma (Suzhou) Co., Ltd. (蘇州亞盛藥業有限公司), a subsidiary of Ascentage Pharma Group International (亞盛醫藥集團) which is a company listed on the Stock Exchange (stock code: 6855). Dr. Lu also served at QureBio Biotech (Shanghai) Co., Ltd. (啓愈生物技術(上海)有限公司).

Dr. Lu obtained a master's degree in immunology from Hebei Medical University (河北醫科大學) in the PRC in June 2008.

Dr. Xiong Zikai (熊梓鍇), Ph.D., aged 43, was appointed as the senior vice president of our Company in March 2022, and is responsible for business development of our Group.

Dr. Xiong has over 14 years of work experience in the business development and other important functions of biomedical and pharmaceutical industries. Earlier in his career, Dr. Xiong served as a consultant at Roland Berger International Management Consulting (Shanghai) Co. Ltd. (羅蘭貝格國際管理諮詢(上海)有 限公司) from June 2009 to June 2011. He served as a strategy manager at Bayer Healthcare Co., Ltd. (拜耳醫藥保健有限公司), which is a company under Bayer AG, a multinational pharmaceutical company listed on the Frankfurt Stock Exchange (stock code:

BAYN), from June 2011 to December 2013, during which he was responsible for formulating the corporate strategy, business development and sales performance management. Dr. Xiong also served as the director of products and marketing at Beijing Genetron Biotech Co., Ltd. (北京泛生子生物科技有限公司) and Genetron Health Gene Technology (Beijing) Co., Ltd. (北京泛生子基因科技有限公司), each of which is a PRC operation entity controlled by Genetron Health, Inc., a precision oncology company listed on the NASDAQ Global Market (stock code: GTH), from December 2013 to March 2016. He co-founded Beijing Open01 Technology Co., Ltd. (北京開數科技有限公司) in April 2016, a company exploring big-data applications. Dr. Xiong served as the executive director of business development at Veritas Genetics (Shanghai) Co., Ltd. (真奕生物科技(上海)有限公司), a PRC operation entity controlled by Veritas Genetics Inc. from March 2018 to March 2019, during which he was responsible for the overall business development. He also served as a senior director of business alliance at Sinovant Sciences Co., Ltd (上海侖勝醫藥科技有限公司), a company which principally engages in innovative biomedical research and development in the PRC, from November 2019 to June 2021, during which he was responsible for the overall business development. Dr. Xiong served as the vice president of business development and investment of Shanghai De Novo Pharmatech Co., Ltd. (上海迪諾醫藥科技有限公司), a company which principally engages in the discovery and development of small molecule drugs for cancer patients, from August 2021 to February 2022, during which he was responsible for the overall business development, marketing and investment activities.

Dr. Xiong obtained a bachelor's degree in cell biology and genetics from Peking University (北京大學) in the PRC in July 2002 and his Ph.D. in stem cell genetics from University of Cambridge in the United Kingdom in July 2008.

Dr. Frank Xiaodong Gan, aged 60, was appointed as the senior vice president of our Company in April 2022, and is responsible for clinical development of our Group in the United States.

Dr. Gan has over 25 years of work experience in the academia and biopharmaceutical industry. Prior to joining our Company, Dr. Gan worked at Merck & Co., Inc., a multinational pharmaceutical company listed on the NYSE (stock code: MRK) as a biologist from February 2000 to September 2004 and served as a clinical research scientist from September 2004 to July 2007, during which he was responsible for clinical research and development. He served as a clinical research scientist at Bristol Myers Squibb, a multinational pharmaceutical company listed on the NYSE (stock code: BMY), from July 2007 to November 2010, during which he was responsible for early phase clinical development of antitumor drugs. Dr. Gan also served as a clinical research scientist at Eli Lilly and Company, from November 2010 to September 2016. He served as a director and a clinical project scientist of oncology at Janssen Research & Development, LLC, a subsidiary of Johnson & Johnson which is a company listed on the NYSE (stock code: JNJ), from September 2016 to October 2018. Dr. Gan also served as the head of global clinical development at NMS Group from March 2019 to March 2022, during which he was responsible for leading the global clinical development of the company.

Dr. Gan currently serves as a member of the board of directors of Sino-American Pharmaceutical Professionals Association (美中醫藥開發協會).

Dr. Gan obtained a bachelor's degree in pharmacy and a master's degree in pharmacognosy from Shanghai Medical College (上海醫科大學) (currently known as Shanghai Medical College of Fudan University (復旦大學上海醫學院)) in the PRC in July 1984 and October 1988, respectively. He further obtained a master's degree in pharmaceutical sciences from North Dakota State University in the United States in December 1997. Dr. Gan obtained a doctor's degree in pharmacy from Shenandoah University in the United States in May 2007 through attending long-distance learning courses, a non-traditional PharmD program.

Ms. Guan Mei (關梅), aged 40, was appointed as the secretary of the Board on May 23, 2022, and is responsible for financing activities, internal control and securities and **[REDACTED]** matters of our Group. She is also one of our joint company secretaries since June 14, 2022.

Ms. Guan has over 15 years of work experience in the biotech and investment industries. She has served as the director of the financing and investment strategy department at our Company since October 2018. Earlier in her career, Ms. Guan served as an analyst at General Biologics, Inc. She served as a project manager at ChinaBio Consulting LLC from August 2008 to September 2010. Ms. Guan also worked at SIG Asia Investment Fund (海納亞洲創投基金), and served as a director of investment at Lead Capital Management Co., Ltd. (利得資本管理有限公司) from February 2016 to September 2018.

Ms. Guan obtained a bachelor's degree in biological sciences from Shanxi University (山西大學) in the PRC in July 2003 and a master's degree in botany from Nanjing University (南京大學) in the PRC in June 2007. She obtained the qualification of practitioners in funds industry issued by the Asset Management Association of China (中國證券投資基金業協會) in June 2016.

GENERAL

Save as disclosed above, none of our Directors, Supervisors and members of senior management has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this document.

None of the Directors, Supervisors or members of the senior management of our Company is related to any other Directors, Supervisors and members of the senior management.

Save as disclosed herein, to the best knowledge, information and belief of our Directors and Supervisors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors and Supervisors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors and Supervisors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

JOINT COMPANY SECRETARIES

Ms. Guan Mei (關梅) was appointed as a joint company secretary of our Company on June 14, 2022. She is primarily responsible for financing activities, internal control and securities and **[REDACTED]** matters of our Group. For details of her biography, see "— Senior Management."

Mr. Li Kin Wai (李健威) was appointed as the other joint company secretary of our Company on June 14, 2022. He is primarily responsible for the corporate secretarial matters of our Group.

Mr. Li currently serves as a corporate service manager of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. He has over 10 years of experience in providing company secretarial services and compliance services to listed companies and private companies. Mr. Li has been serving as a company secretary/joint company secretary of two companies listed on the Stock Exchange, namely Sinco Pharmaceuticals Holdings Limited (興科蓉醫藥控股有限公司) (stock code: 6833) since March 31, 2021, and Zhengye International Holdings Company Limited (正業國際控股有限公司) (stock code: 3363) since April 1, 2021.

Mr. Li is a Chartered Secretary, Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute ("**HKCGI**") (formerly known as "The Hong Kong Institute of Chartered Secretaries") and The Chartered Governance Institute ("**CGI**") (formerly known as "The Institute of Chartered Secretaries and Administrators") in the United Kingdom.

Mr. Li obtained a master's degree of corporate governance from The Open University of Hong Kong in Hong Kong in November 2020.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, our Company has formed three Board committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 and paragraph D.3 of the Corporate Governance Code. The Audit Committee consists of three Directors, namely Dr. Xu Cong, Dr. Zhenping Zhu and Mr. Yeung Chi Tat. Mr. Yeung Chi Tat who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairman of the Audit Committee. The primary duties of the Audit Committee include, but not limited to, the following:

- proposing the appointment or change of external auditors to our Board, and monitoring the independence of external auditors and evaluating their performance;
- examining the financial information of our Company and reviewing financial reports and statements of our Company;
- examining the financial reporting system, the risk management and internal control system of our Company, overseeing their rationality, efficiency and implementation and making recommendations to our Board; and
- dealing with other matters that are authorized by the Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code. The Nomination Committee consists of three Directors, namely Dr. Tian, Dr. Zhenping Zhu and Mr. Yeung Chi Tat. Dr. Tian serves as the chairman of the Nomination Committee. The primary duties of the Nomination Committee include, but not limited to, the following:

- conducting extensive search and providing to our Board suitable candidates for our Directors, general managers and other members of the senior management;
- reviewing the structure, size and composition of our Board (including but not limited to, gender, age, cultural and educational background, ethnicity, skills, knowledge and experience) at least annually and make recommendations on any proposed changes to the Board to complement our Company's corporate strategy;
- researching and developing standards and procedures for the election of our Board members, general managers and members of the senior management, and making recommendations to our Board; and

- dealing with other matters that are authorized by our Board.

Remuneration Committee

We have established a Remuneration Committee with written terms of reference in compliance with paragraph B.1 of the Corporate Governance Code. The Remuneration Committee consists of five Directors, namely Dr. Tian, Dr. Zhenping Zhu, Mr. Yeung Chi Tat, Dr. Xu Cong and Dr. Kendall A. Smith. Dr. Zhenping Zhu serves as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include, but not limited to, the following:

- advising our Board on the overall remuneration plan and structure of our Directors and senior management and the establishment of transparent and formal procedures for determining remuneration policy of our Company;
- monitoring the implementation of remuneration system of our Company;
- making recommendations on the remuneration packages of our Directors and senior management; and
- other duties conferred by our Board.

COMPETITION

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

From time to time our non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and biopharmaceutical industries. However, as these non-executive Directors are not members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which these non-executive Directors may hold directorships from time to time.

EMPLOYMENT ARRANGEMENT OF SENIOR MANAGEMENT

We normally enter into (i) an employment contract, (ii) a non-competition agreement, and (iii) a confidentiality agreement with certain of our senior management members. The key terms of such contracts are set forth below.

Terms: We normally enter into a three-year, four-year or five-year employment contract with our senior management members.

Non-competition: the non-competition obligations shall subsist throughout the employee's period of employment and up to two years after termination of employment. During the non-competition period, the employee shall not (i) hold any position in any other entity which competes with our Company, or (ii) engage in other businesses which could damage our Company's interests.

Confidentiality

Confidential information: The employee shall keep confidential information, namely business-related information or technology-related information (including but not limited to operational information, marketing proposal, purchases information, pricing policy, financial information, list of customers, business plan, cost of production, information of research and development etc.) of our Company in confidence.

Obligation and duration: The employee shall not, without prior written approval from our Company, divulge, publish or otherwise disclose any confidential information to any third party. Such obligation of confidentiality shall subsist for the term of his or her employment and thereafter, and until the relevant information has been publicized by our Company or otherwise known to the public.

Intellectual Property Rights

Our Company has a complete, absolute and exclusive right, title and interest in the work that the employee produces, solely or jointly with others, during the period of the employee's employment with the Company that relates to our Company's business.

COMPENSATION OF DIRECTORS AND SUPERVISORS

Our Directors and Supervisors, certain of whom are also employees of our Company, receive compensation in the form of fee, salaries, allowances, discretionary bonuses, share-based compensation, retirement benefit scheme contributions and other benefits in kind.

For the years ended December 31, 2021 and 2022, the aggregate amount of remuneration paid or payable to our Directors amounted to approximately RMB16.3 million and RMB70.5 million, respectively. The increase of the aggregate amount of remuneration paid or payable to our Directors during the Track Record Period was primarily due to the increase in the share-based payments resulting from the grant of restricted shares to our Directors. For further details, see note 13 to the Accountants' Report set out in Appendix I to this document.

For the years ended December 31, 2021 and 2022, the aggregate amount of remuneration paid or payable to our Supervisors amounted to approximately RMB4.4 million and RMB3.7 million, respectively.

Under the current compensation arrangement, we estimate the total compensation before taxation, including estimated share-based compensation, to be accrued to our Directors and our Supervisors for the year ending December 31, 2023 to be approximately RMB54.3 million. The actual remuneration of Directors and Supervisors for 2023 may be different from the expected remuneration.

For each of the years ended December 31, 2021 and 2022, there were two and two Directors among the five highest paid individuals, respectively. The total emoluments for the remaining individuals among the five highest paid individuals amounted to approximately RMB6.5 million and RMB26.5 million for the years ended December 31, 2021 and 2022, respectively.

We confirmed that during the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of our Company or any subsidiary of our Company.

During the Track Record Period, none of our Directors or Supervisors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by our Company or our subsidiary to our Directors, Supervisors or the five highest paid individuals during the Track Record Period.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with the corporate governance requirements under the Corporate Governance Code after **[REDACTED]**.

Pursuant to code provision A.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairman and chief executive officer and Dr. Tian currently performs these two roles. Our Board believes that, in view of his experience, personal profile and his roles in our Company as mentioned above, Dr. Tian is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our chief executive officer. The Board also believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of (i) ensuring consistent leadership within our Group, (ii) enabling more effective and efficient overall strategic planning and execution of strategic initiatives of the Board, and (iii) facilitating the flow of information between the management and the Board for our Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of our Company at a time when it is appropriate by taking into account the circumstances of our Group as a whole.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural and educational background, nationality, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, research and clinical development, finance and accounting and corporate governance in addition to industry experience in healthcare and biotechnology. They obtained degrees in various majors including medicine, immunology, biological science, biochemistry, pharmacology, pathology, genetics, bioengineering, cell biology, pharmacy, mathematics, business administration, economics, taxation, biology, accounting, enterprise management and botany. We have three independent non-executive Directors with different industry backgrounds, representing one third of the members of our Board. Further, as of the date of this document, our Board has a relatively wide range of ages ranging from 37 years old to 81 years old. Our Company has reviewed the membership, structure and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operation.

Besides, we recognize the particular importance of gender diversity. We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. Currently, we have one female Director, namely, Ms. Song Ziyi, who is also our chief financial officer. Going forward, we will continue to work to enhance gender diversity of our Board when selecting and recommending suitable candidates for Board appointments to help achieve greater gender diversity in accordance with stakeholder expectations and recommended best practices. Our Company also intends to promote gender diversity at the mid to senior level so that our Company can maintain a balanced gender ratio at different levels. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After **[REDACTED]**, our Nomination Committee will review the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

COMPLIANCE ADVISOR

We have appointed Rainbow Capital (HK) Limited as our Compliance Advisor pursuant to Rules 3A.19 and 19A.05 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company in certain circumstances including:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(c) where we propose to use the **[REDACTED]** from the **[REDACTED]** in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and

(d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or **[REDACTED]** of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 19A.06 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the **[REDACTED]** and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after **[REDACTED]**.

You should read the following discussion and analysis in conjunction with our audited consolidated financial information, included in the Accountants' Report in Appendix I to this document, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this document.

OVERVIEW

We are a science-driven biotechnology company dedicated to the development of next-generation immuno-oncology therapies. We are one of the few biotechnology companies globally adopting a systematic approach to harness both the innate and adaptive immune systems for the treatment of cancer. We have developed a robust pipeline of over ten innovative drug candidates with eight ongoing clinical programs, anchored by a deep and broad innate-immunity-based asset portfolio. Our pipeline reflects our deep insight into the frontiers of cancer biology and immunology, and our expertise in turning scientific research into promising drug candidates.

Emulating the "Quality-by-Design (QbD)" concept that is intended to improve drug product quality by using analytical and risk-management methodologies, we created the "Drug-by-Design (DbD)" concept that emphasizes the fundamental role of molecule design rationale in the process of large molecule drug development. Strictly adhering to the "DbD" concept and leveraging our R&D platform, we have designed and developed a rich pipeline that aims to unlock not only the full power of the largely untapped innate immune system, but also the synergistic potential of harnessing the innate and adaptive immune systems at the same time. For more information on our drug candidates, see the section headed "Business."

We currently have no products approved for commercial sale and have not generated any revenue from product sales. We have not been profitable and have incurred operating losses during the Track Record Period. In 2021 and 2022, we had total comprehensive expenses of RMB732.9 million and RMB402.8 million, respectively. Our total comprehensive expenses mainly resulted from research and development expenses, administrative expenses, as well as loss from changes in fair value of financial liabilities at FVTPL. Our adjusted net loss (non-IFRS measure) was RMB182.5 million and RMB225.8 million in 2021 and 2022, respectively. We define adjusted net loss (non-IFRS measure) as loss for the year adjusted by adding back loss from changes in fair value of financial liabilities at FVTPL, share-based payments and **[REDACTED]** expenses. For more information about our adjusted net loss (non-IFRS measure), see "— Non-IFRS Measure."

We expect to incur an increased amount of operating expenses for the next several years as we further our preclinical research, continue the clinical development of, seek regulatory approval for and manufacture, our drug candidates, launch our pipeline products, and add personnel necessary to operate our business. Subsequent to the **[REDACTED]**, we expect to incur costs associated with operating as a public company. We expect that our financial performance will fluctuate from period to period due to the development status of our drug candidates, timeline and terms of potential collaboration with our partners, regulatory approval timeline and commercialization of our drug candidates.

BASIS OF PREPARATION

The historical financial information has been prepared based on the accounting policies set out in note 4 to the Accountants' Report contained in the Appendix I to this document which conform with the International Financial Reporting Standards, or IFRSs, issued by International Accounting Standards Board, or IASB. All IFRSs effective for the accounting period commencing from January 1, 2022, together with the relevant transitional provisions, have been adopted by our Group in the preparation of the historical financial information throughout the Track Record Period, and we have early adopted amendment to IFRS 16 *Covid-19-Related Rent Concession beyond June 30, 2021* on January 1, 2021. The historical financial information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each of the Track Record Period.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Significant Accounting Policies

The historical financial information has been prepared in accordance with the following accounting policies which confirm with IFRSs issued by the IASB. For the purpose of preparation and presentation of the historical financial information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the historical financial information includes the applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The historical financial information has been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, we take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the historical financial information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equal the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Our most critical accounting policies are summarized below. See note 4 to the Accountants' Report set out in Appendix I to this document for a full description of our significant accounting policies.

Revenue from Contracts with Customers

We recognize revenue when (or as) a performance obligation is satisfied, i.e., when "control" of the goods of services underlying the particular performance obligation is transferred to customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Except for granting of a license that is distinct from other promised goods or services, control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by our performance as we perform;

- our performance creates or enhances an asset that the customer controls as we perform; or

- our performance does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

For granting of a license that is distinct from other promised goods or services, the nature of our promise in granting a license is a promise to provide a right to access our intellectual property if all of the following criteria are met:

- the contract requires, or the customer reasonably expects, that we will undertake activities that significantly affect the intellectual property to which the customer has rights;

- the rights granted by the license directly expose the customer to any positive or negative effects of our activities; and

- those activities do not result in the transfer of a good or a service to the customer as those activities occur.

If the criteria above are met, we account for the promise to grant a license as a performance obligation satisfied over time. Otherwise, we consider the grant of license as providing the customers the right to use our intellectual property and the performance obligation is satisfied at a point in time at which the license is granted.

A contract asset represents our right to consideration in exchange for goods or services that we have transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9 *Financial Instruments*. In contrast, a receivable represents our unconditional right to consideration, i.e., only the passage of time is required before payment of that consideration is due.

A contract liability represents our obligation to transfer goods or services to a customer for which we have received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Variable consideration

For contracts that contain variable consideration, we estimate the amount of consideration to which it will be entitled using the expected value method, which better predicts the amount of consideration to which we will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, we update the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Notwithstanding the above criteria, we shall recognize revenue for a sales-based or usage-based royalty promised in exchange for a license of intellectual property only when (or as) the later of the following events occurs:

- the subsequent sale or usage occurs; and
- the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of IFRS 16, we assess whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

Lease liabilities

At the commencement date of a lease, we recognize and measure the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, we use the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option if we are reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects us exercising the option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

We remeasure lease liabilities (and make a corresponding adjustment to the related right-of-use assets) whenever: the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

We present lease liabilities as a separate line item on the consolidated statements of financial position.

Government Grants

Government grants are not recognized until there is reasonable assurance that we will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which we recognize as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to us with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income."

Property and Equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties, including leasehold improvement, in the course of construction for production, supply or administrative purposes are carried at cost which includes professional fees, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with our accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Financial Liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated as at FVTPL.

A financial liability may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with our documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

Financial liabilities at amortized cost

Financial liabilities including trade payables and other payables are subsequently measured at amortized cost, using the effective interest method.

Derecognition of financial liabilities

We derecognize financial liabilities when, and only when, our obligations are discharged, cancelled have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognized in profit or loss.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortized cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, we currently have a legally enforceable right to set off the recognized amounts; and intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of our accounting policies, which are described in note 5 to the Accountants' Report set out in Appendix I to this document, our Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Our most critical accounting judgments and key sources of estimation uncertainty are summarized below. See note 5 to the Accountants' Report set out in Appendix I to this document for a full description of our critical accounting judgments and key sources of estimation uncertainty.

Research and Development Expenses

Development expenses incurred on our drug product pipelines are capitalized and deferred only when we could demonstrate (i) the technical feasibility of completing the development of the relevant intangible asset so that it will be available for use or sale; (ii) our intention to complete and our ability to use or sell the asset; (iii) how the asset will generate future economic benefits; (iv) the availability of resources to complete the pipeline; and (v) the ability to measure reliably the expenditure during the development. Research and development expenses which do not meet

these criteria are expensed when incurred. Management assesses the progress of each of the research and development projects and determine whether the criteria are met for capitalization. During the Track Record Period, all research and development expenses are expensed when incurred.

Fair Value of Financial Liabilities Measured at FVTPL

We have issued series of shares to certain investors during the Track Record Period as set out in note 26 to the Accountants' Report set out in the Appendix I to this document. We accounted for these financial instruments as financial liabilities at FVTPL. The fair value of these financial instruments is determined using valuation techniques, namely back-solve method and equity allocation model involving various parameters and inputs. Valuation techniques are certified by an independent qualified professional valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. However, it should be noted that some inputs, such as possibilities under different scenarios such as liquidation event which require management estimates. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the financial liabilities at FVTPL which may be charged into the profit or loss of the financial statements. As of December 31, 2021 and December 31, 2022, the carrying amounts of financial liabilities at FVTPL were RMB2,431.6 million and nil, respectively, as disclosed in note 26 to the Accountants' Report set out in the Appendix I to this document. We no longer recognized such liabilities since January 31, 2022, as our investors' certain preferred rights, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same date.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, many of which may be beyond our control. A discussion of the key factors is set out below.

Development and Commercialization of Our Drug Candidates

Our business and results of operations will be dependent on our receipt of regulatory approval for and successful commercialization of our drug candidates. As of the Latest Practicable Date, we have established a comprehensive pipeline of over ten drug candidates, including six in clinical stage, one in IND stage and one in IND-enabling stage, with eight ongoing clinical programs, five IND/IND-enabling-stage programs, and multiple in discovery and preclinical stage. See "Business — Our Drug Candidates" for more information on the development status of our drug candidates.

We have not generated any revenue from the sales of our drug products since our inception. Our business and results of operations depend on our ability to continuously advance preclinical and clinical development of, and obtain the requisite regulatory approvals for, our drug candidates. Once our drug candidates are commercialized, our business and results of operations will be driven by the market acceptance and supply of our commercialized drugs. To successfully develop and launch our drug candidates, we intend to continue investing in our R&D and clinical development of our pipeline products, expanding our manufacturing capabilities and seeking collaboration with leading pharmaceutical companies. We also plan to build our internal marketing and sales forces before the estimated launch of our pipeline products, and to seek collaboration with business partners. For more details, see "Business — Our Strategies."

Our Cost Structure

Our results of operations are significantly affected by our cost structure, which primarily consists of research and development expenses and administrative expenses. In 2021, we recorded substantial loss from changes in fair value of financial liabilities at FVTPL due to our series of financings. However, it is a non-cash item and has ceased to impact our financial performance since January 31, 2022, as our investors' certain preferred rights, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same day. Financial liabilities at FVTPL were then derecognized and credited to equity.

Research and development expenses have been and are expected to continue to be a major component in our cost structure. During the Track Record Period, our research and development expenses primarily consisted of (i) preclinical and CMC expenses, (ii) clinical trial expenses, (iii) salaries and related benefit costs, as well as non-cash share-based payments, for our research and development activities, (iv) costs of materials and consumables, and (v) depreciation expenses for right-of-use assets, property and equipment used for research and development purposes. For detailed information, see "— Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Research and Development Expenses." Our research and development expenses amounted to RMB176.0 million and RMB277.3 million in 2021 and 2022, respectively, of which our non-cash share-based payments were RMB13.7 million and RMB40.7 million in 2021 and 2022, respectively.

During the Track Record Period, our administrative expenses primarily included (i) salaries and related benefit costs, as well as non-cash share-based payments, for our management and administrative functions, (ii) professional service fees paid to our legal counsel, agents and other service providers, (iii) depreciation expenses for right-of-use assets, property and equipment used for administrative purposes, and (iv) general office expenses. For detailed information, see "— Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Administrative Expenses." Our administrative expenses amounted to RMB48.3 million and RMB92.8 million in 2021 and 2022, respectively, of which our non-cash share-based payments were RMB20.3 million and RMB63.1 million in 2021 and 2022, respectively.

We expect our cost structure to evolve as we continue to develop and expand our business. As the preclinical studies and clinical trials of our drug candidates continue to progress, we expect to incur additional costs in relation to, among other things, preclinical study and clinical trial expenses, CMC expenses, raw materials procurements, manufacturing and sales and marketing. Additionally, we anticipate increasing legal, compliance, accounting, insurance and investor and public relations expenses associated with being a public company in Hong Kong.

Funding for Our Operations

During the Track Record Period, we funded our operations primarily through private equity financings. Going forward, in the event of successful commercialization of one or more of our drug candidates, we expect to fund our operations in part with cash on hand, as well as funds generated from licensing arrangements and sales of our commercialized drug products. However, with the continuing expansion of our business, we may require further funding through public or private **[REDACTED]**, debt financings, collaboration arrangements or other sources. Any fluctuation in the funding for our operations will impact our cash flow plan and our results of operations.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth selected components of our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	For the Year Ended December 31,	
	2021	2022
	(in thousands of RMB)	
Revenue	5,067	538
Other income	10,381	14,657
Other gains and losses, net	(518,347)	(29,436)
Research and development expenses	(175,954)	(277,346)
Administrative expenses	(48,319)	(92,796)
[REDACTED]	**[REDACTED]**	**[REDACTED]**
Finance costs	(891)	(787)
Loss before tax	(732,949)	(402,894)
Income tax expense	—	—
Loss for the year	(732,949)	(402,894)
Other comprehensive income	10	61
Total comprehensive expenses for the year	(732,939)	(402,833)
Adjusted net loss (non-IFRS measure) for the year	(182,529)	(225,831)

Revenue

During the Track Record Period, our revenue was generated from out-licensing fee, sales of cell strain and other products, and provision of testing services. Our out-licensing fee represents a milestone payment received under a technology transfer agreement we entered into with an independent third party in 2019, pursuant to which such third party acquires the rights and interests (including a related patent application) to develop and commercialize IMM2505 in China (including Hong Kong, Macau and Taiwan). IMM2505 is a first generation CD47 and PD-L1 bispecific molecule internally developed by us. Except for the foregoing licensing arrangement, we do not have any plan to further develop IMM2505 with our own funds and resources at the current stage. Our revenue generated from sales of cell strain and other products mainly represents the income from selling cell lines and growth medium developed by us. Our revenue generated from testing services mainly represents the income from providing testing assays through fee-for-service contracts.

Since we did not obtain regulatory approval for the commercial sale of any of our drug candidates, we have not generated any revenue from sales of our drug products during the Track Record Period. As we continue to develop our pipeline candidates toward commercialization and seek collaboration opportunities with leading pharmaceutical companies, we expect the sales generated from our drug products and license fee will be major components of our revenue in the future.

The table below summarizes a breakdown of our revenue for the periods indicated:

	For the Year Ended December 31,	
	2021	2022
	(in thousands of RMB)	
Revenue:		
Out-licensing fee	4,717	—
Sales of cell strain and other products	275	499
Testing services	75	39
Total	**5,067**	**538**

Other Income

During the Track Record Period, our other income consisted of government grants and bank interest income. The government grants represent various subsidies granted to us by the PRC local government authorities primarily for our research and development accomplishments and financing activities. Bank interest income mainly represents interest on our bank deposits.

The following table summarizes a breakdown of our other income for the periods indicated:

	For the Year Ended December 31,	
	2021	2022
	(in thousands of RMB)	
Other income:		
Government grants	8,741	5,152
Bank interest income	1,640	9,505
Total	**10,381**	**14,657**

Other Gains and Losses, Net

During the Track Record Period, our other net gains and losses, primarily consisted of loss from changes in fair value of financial liabilities at FVTPL, net foreign exchange gains or losses, gain from changes in fair value of financial assets at FVTPL, and gain on disposal of property and equipment.

Loss from changes in fair value of financial liabilities at FVTPL results from the increase in fair value of the equity interests with preferred rights held by our investors. The fair value of the equity interests is established by using valuation techniques, which include back-solve method and equity allocation model involving various parameters and inputs. For details about our financial liabilities at FVTPL, see note 26 to the Accountants' Report set out in Appendix I to this document. Net foreign exchange gains or losses mainly represent the exchange gains or losses resulted from the translation of financial assets and liabilities denominated in U.S. dollar at year end exchange rates. Gain from changes in fair value of financial assets at FVTPL represents the gain from recognizing fair value changes in wealth management products and structured deposits purchased by us and managed by reputable commercial banks in China. For further details, see "— Liquidity and Capital Resources — Net Cash (Used in) from Investing Activities." Gain on disposal of property and equipment represents the gain from our disposal of office equipment and other fixtures following the termination of a lease.

The following table summarizes a breakdown of our other net gains and losses, for the periods indicated:

	For the Year Ended December 31,	
	2021	2022
	(in thousands of RMB)	
Other gains and losses, net:		
Loss from changes in fair value of financial liabilities at FVTPL	(511,517)	(55,510)
Net foreign exchange (losses) gains	(9,128)	26,106
Gain from changes in fair value of financial assets at FVTPL	1,598	—
Gain on disposal of property and equipment	555	—
Gain arising on termination of a lease	165	—
Others	(20)	(32)
Total	**(518,347)**	**(29,436)**

Financial Liabilities Measured within Level 3 Fair Value Measurement

During the Track Record Period, we had certain financial liabilities categorized within level 3 of fair value measurement ("**Level 3 Financial Liabilities**"). Our Level 3 Financial Liabilities include series of shares issued to certain investors during the Track Record Period (the "**Investors' Shares**"). We used back-solve method to determine the underlying share value and performed an equity allocation based on a Binomial Option Pricing Model ("**OPM**") to arrive the fair value of the Investors' Shares as of the dates of issuance and at the end of each reporting period with reference to valuation reports carried out by AVISTA Valuation Advisory Limited ("**AVISTA**"), an independent qualified valuer.

In relation to the valuation of our Level 3 Financial Liabilities, with reference to the guidance under the "Guidance Note on Directors' Duties in the Context of Valuations in Corporate Transactions" issued by the SFC in May 2017 applicable to directors of companies listed on the Stock Exchange, our Directors, based on the professional advice received, adopted the following procedures: (i) reviewed the terms of agreements related to Investors' Shares; (ii) engaged independent valuer, provided necessary financial and non-financial information to enable the valuer to perform valuation procedures and discussed with the valuer on relevant assumptions; (iii) obtained sufficient understanding of the valuation model, methodologies and techniques on which the valuation is based; and (iv) reviewed the valuation results prepared by the valuer. Based on the above procedures, our Directors are of the view that the valuation analysis performed by the valuer is fair and reasonable, and the financial statements of our Group are properly prepared and disclosed.

Details of the fair value measurement of financial liabilities at FVTPL, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, the relationship of unobservable inputs to fair value and reconciliation of level 3 measurements are disclosed in note 26 and note 33 to the Accountants' Report set out in the Appendix I to this document. The reporting accountants' opinion on the historical financial information of our Group for the Track Record Period as a whole is set out in Appendix I to this document.

In relation to the fair value assessment of the financial liabilities requiring Level 3 measurements under the fair value classification, the Joint Sponsors have conducted relevant due diligence work, including but not limited to, (i) reviewing relevant notes and disclosure in the Accountants' Report in Appendix I to this document; (ii) discussing with the Company and the Reporting Accountant as well as the external valuer the valuation methodology, and the key basis and assumptions for the valuation of the Level 3 Financial Liabilities; (iii) reviewing the valuation analysis prepared by the external valuer engaged by the Company; and (iv) obtaining and

reviewing the credentials of the external valuer engaged by the Company. Having considered the work done by the Directors and the Reporting Accountant and the relevant due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention to disagree with the Directors and the Reporting Accountant in respect of the valuation of such Level 3 Financial Liabilities.

Research and Development Expenses

During the Track Record Period, our research and development expenses consisted of (i) preclinical and CMC expenses, mostly resulting from the engagement of CROs, CDMOs and other service providers to conduct preclinical studies and CMC on our behalf, (ii) clinical trial expenses for our drug candidates, including expenses with respect to the engagement of clinical trial sites and principal investigators, as well as other expenses incurred in connection with our clinical trials, (iii) salaries and related benefit costs (exclusive of non-cash share-based payments) for our research and development activities, (iv) costs of materials and consumables, primarily representing expenses for procuring materials and consumables used to support our preclinical studies and clinical trials, (v) non-cash share-based payments for our research and development functions, (vi) depreciation expenses, mainly including depreciation expenses for right-of-use assets, property and equipment used for research and development purposes, and (vii) others, including utilities, travelling and transportation expenses and other miscellaneous expenses.

Our research and development expenses increased significantly during the Track Record Period primarily attributed to (i) the increases in clinical trial expenses arising from the increased clinical development activities regarding our drug candidates, such as IMM01 and IMM2902, (ii) the increases in salaries and related benefit costs and non-cash share-based payments, mainly due to the expansion of our research and development team and compensation raise, and (iii) the increases in preclinial and CMC expenses primarily due to the increased manufacturing expenses of IMM01 for the use in its combination trials with azacitidine and tislelizumab respectively, as well as IND-enabling expenses associated with IMM47.

The following table below sets forth a breakdown of our research and development expenses for the periods indicated:

	For the Year Ended December 31,			
	2021		2022	
	RMB	*%*	*RMB*	*%*
	(in thousands, except percentages)			
Research and development expenses:				
Preclinical and CMC expenses	52,754	30.0	56,628	20.4
Clinical trial expenses	41,620	23.7	95,667	34.5
Salaries and related benefit costs	26,528	15.1	49,417	17.8
Costs of materials and consumables	27,721	15.8	15,005	5.4
Share-based payments	13,749	7.7	40,740	14.7
Depreciation expenses	8,600	4.9	12,163	4.4
Others	4,982	2.8	7,726	2.8
Total	**175,954**	**100.0**	**277,346**	**100.0**

The table below sets forth a breakdown of our research and development expenses incurred on the Core Product for the periods indicated:

	For the Year Ended December 31,			
	2021		2022	
	RMB	*%*	*RMB*	*%*
	(in thousands, except percentages)			
Research and development expenses on the Core Product:				
Preclinical and CMC expenses	8,958	20.7	23,836	20.4
Clinical trial expenses	17,333	39.9	52,760	45.2
Salaries and related benefit costs	4,412	10.2	14,839	12.7
Costs of materials and consumables	8,633	19.9	7,890	6.8
Share-based payments	1,887	4.3	12,164	10.4
Depreciation expenses	1,206	2.8	3,096	2.7
Others	972	2.2	2,166	1.9
Total	**43,401**	**100.0**	**116,751**	**100.0**

During the Track Record Period, all our research and development expenses were expensed and not capitalized. We expect our research and development expenses to grow along with advancement of our clinical programs and continued research and development of our preclinical and future drug candidates.

Administrative Expenses

During the Track Record Period, our administrative expenses consisted of (i) salaries and related benefit costs (exclusive of non-cash share-based payments) for our management and administrative functions, (ii) non-cash share-based payments for our management and administrative functions, (iii) professional service fees paid to legal counsel and agents in relation to (a) financing related services, (b) design services for construction project, (c) finance, tax and legal consulting services, and (d) human resource consulting services, (iv) depreciation expenses, mainly including depreciation expenses for right-of-use assets, property and equipment used for administrative purposes, (v) general office expenses, mainly including office consumables, and (vi) others, mainly including utilities, travelling and transportation expenses and other miscellaneous expenses.

The increase of our administrative expenses during the Track Record Period was mainly attributable to the increases in non-cash share-based payments and the increases in salaries and related benefit costs, associated with the headcount expansion and compensation raise of our management and administrative functions as a result of our business growth.

The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	For the Year Ended December 31,			
	2021		2022	
	RMB	*%*	*RMB*	*%*
	(in thousands, except percentages)			
Administrative expenses:				
Salaries and related benefit costs	9,095	18.8	16,808	18.1
Share-based payments	20,268	41.9	63,089	68.0
Professional service fees	9,088	18.8	3,197	3.4
— Financing related services fees	1,714	3.5	366	0.4
— Design services fees for construction project	3,223	6.7	887	1.0
— Finance, tax and legal consulting services fees	2,023	4.2	421	0.4
— Human resource consulting services fees	2,128	4.4	1,523	1.6
Depreciation expenses	4,575	9.5	5,454	5.9
General office expenses	3,366	7.0	1,486	1.6
Others	1,927	4.0	2,762	3.0
Total	**48,319**	**100.0**	**92,796**	**100.0**

[REDACTED] Expenses

[REDACTED] expenses represent expenses incurred for our proposed **[REDACTED]** and **[REDACTED]**. In 2021 and 2022, we recorded **[REDACTED]** expenses of **[REDACTED]** and **[REDACTED]**, respectively.

Finance Costs

During the Track Record Period, our finance costs consisted of interest on lease liabilities, which represents the accretion of interest related to our payment obligation under our current leases.

The following table summarizes a breakdown of finance costs for the periods indicated:

	For the Year Ended December 31,	
	2021	2022
	(in thousands of RMB)	
Finance costs:		
Interest on lease liabilities	(891)	(787)
Total	**(891)**	**(787)**

Income Tax Expense

Income tax expense represents the sum of the tax currently payable and deferred tax. We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which we are domiciled and operate.

China

Under the Law of the PRC on Enterprise Income Tax, or the EIT Law, and Implementation Regulation of the EIT Law, the tax rate of our PRC subsidiaries is 25% during the Track Record Period.

In November 2020, our Company has been accredited as a High and New Technology Enterprise recognized by Science and Technology Commission of Shanghai Municipality and enjoys a preferential tax rate of 15% for a term of three years starting from 2020.

Pursuant to Caishui 2018 circular No. 99, we enjoyed super deduction of 175% on qualifying research and development expenditures throughout the Track Record Period.

Hong Kong

Under the two-tiered profits tax rates regime which was effective on April 1, 2018, the first HK$2.0 million of profits of a qualifying group entity will be taxed at the rate of 8.25%, and profits above HK$2.0 million will be taxed at the rate of 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

We considered the two-tiered profits tax rates regime is insignificant to us, since our subsidiary incorporated in Hong Kong did not have tax assessable profits subject to Hong Kong profits tax during the Track Record Period.

United States

Our U.S. subsidiary is subject to statutory U.S. federal corporate income tax at a rate of 21.0% on any estimated assessable profits arising in the U.S. during the Track Record Period. It is also subject to the state income tax in Delaware at a rate of 8.7% during the Track Record Period. No provision for U.S. profits tax has been made as our subsidiary incorporated in the U.S. has no assessable profits derived from or earned in the U.S. during the Track Record Period.

We did not record any income tax expense during the Track Record Period. Our Directors confirm that during the Track Record Period, we had made all the required tax filings and had paid all outstanding tax liabilities with the relevant tax authorities in the relevant jurisdictions, and we are not aware of any outstanding or potential disputes with such tax authorities.

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

Year ended December 31, 2022 Compared to Year ended December 31, 2021

Revenue

Our revenue decreased by 89.4% from RMB5.1 million in 2021 to RMB0.5 million in 2022, which was primarily because of the decrease of our out-licensing fee from RMB4.7 million in 2021 to nil in 2022. The out-licensing fee received in 2021 was a milestone payment in connection with a license granted to a third-party licensee in 2019 to develop and commercialize IMM2505 in China (including Hong Kong, Macau and Taiwan). Our revenue decrease was partially offset by an increase of RMB0.2 million in sales of cell strain and other products in 2022, which were one-off in nature and not considered as our main business.

Other Income

Our other income increased by 41.2% from RMB10.4 million in 2021 to RMB14.7 million in 2022. The increase was primarily attributable to an increase of RMB7.9 million in our bank interest income, mainly due to the increased balance of our bank deposits after our Series C Financing.

Other Gains and Losses, Net

Our other net gains and losses decreased by 94.3% from losses of RMB518.3 million in 2021 to losses of RMB29.4 million in 2022. The decrease was primarily attributable to (i) a decrease of RMB456.0 million in loss from changes in fair value of financial liabilities at FVTPL, due to the fact that we no longer recorded any financial liabilities at FVTPL since January 31, 2022, and our investors' preferred rights, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same day, and (ii) a change from net foreign exchange losses of RMB9.1 million in 2021 to net foreign exchange gains of RMB26.1 million in 2022, in connection with our net financial assets denominated in U.S. dollar, which had appreciated against Renminbi in 2022; partially offset by the decrease of RMB1.6 million in the gain from changes in fair value of financial assets at FVTPL as we redeemed our investments in wealth management products and structured deposits in 2021.

Research and Development Expenses

Research and development expenses increased by 57.6% from RMB176.0 million in 2021 to RMB277.3 million in 2022. The significant increase was mainly attributable to (i) an increase of RMB54.0 million in clinical trial expenses for IMM01, primarily in relation to the initiation of its combination trials with azacitidine and tislelizumab respectively, as well as IMM2902; for detailed information on our progress on IMM01 and IMM2902, see "Business — Our Drug Candidates," (ii) an increase of RMB27.0 million in non-cash share-based payments and an increase of RMB22.9 million in salaries and related benefit costs, mainly due to (a) the additional amortization in connection with the restricted shares granted in 2022, and (b) the expansion of our clinical team, in line with our continuous research and development efforts in advancing and expanding our pipeline drug candidates, and (iii) an increase of RMB3.9 million in preclinical and CMC expenses, primarily due to the increased manufacturing expenses of IMM01 for the use in its combination trials with azacitidine and tislelizumab respectively, as well as IND-enabling expenses associated with IMM47.

Administrative Expenses

Administrative expenses increased by 92.0% from RMB48.3 million in 2021 to RMB92.8 million in 2022, mainly attributable to (i) an increase of RMB42.8 million in non-cash share-based payments, mainly due to the additional amortization in connection with the restricted shares granted in 2022, and (ii) an increase of RMB7.7 million in salaries and related benefit costs, due to the headcount expansion and compensation raise of our management and administrative functions as a result of our business growth.

[REDACTED] ***Expenses***

[REDACTED] expenses increased by **[REDACTED]**% from RMB**[REDACTED]** in 2021 to RMB**[REDACTED]** in 2022, which was mainly attributable to professional services provided by the Joint Sponsors, legal counsels and other professional service providers in relation to the **[REDACTED]**.

Finance Costs

Finance costs slightly decreased by 11.7% from RMB891 thousand in 2021 to RMB787 thousand in 2022, mainly attributable to a decrease of RMB104 thousand in interest on lease liabilities, primarily due to the decrease of our lease liabilities.

Loss for the Year

As a result of the foregoing, our loss for the year decreased by RMB330.0 million from RMB732.9 million in 2021 to RMB402.9 million in 2022.

NON-IFRS MEASURE

To supplement our consolidated statements of profit or loss and other comprehensive expenses which are presented in accordance with IFRSs, we also use adjusted net loss as a non-IFRS measure, which is not required by, or presented in accordance with, IFRSs. We believe that the presentation of the non-IFRS measure when shown in conjunction with the corresponding IFRS measures provides useful information to management and investors in facilitating a comparison of our operating performance from year to year. In particular, the non-IFRS measure eliminates impact of certain expenses, including loss from changes in fair value of financial liabilities at FVTPL (which ceased to be recorded since January 31, 2022), share-based payments and **[REDACTED]** expenses. Such non-IFRS measure allows investors to consider metrics used by our management in evaluating our performance.

We define adjusted net loss (non-IFRS measure) as loss for the year adjusted by adding back loss from changes in fair value of financial liabilities at FVTPL, share-based payments and **[REDACTED]** expenses. Loss from changes in fair value of financial liabilities at FVTPL represents the increase in fair value of the equity interests with preferred rights held by our investors, which is non-cash in nature. We no longer recognized such liabilities since January 31, 2022, as our investors' certain preferred rights, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same date. Share-based payments are expenses arising from granting restricted shares to selected employees, senior management, directors and consultants, the amount of which is non-cash in nature. **[REDACTED]** expenses are the expenses arising from activities in relation to the proposed **[REDACTED]** and **[REDACTED]**, and are excluded from our net loss.

The use of the non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for, or superior to, analysis of our results of operations or financial condition as reported under IFRSs. In addition, the non-IFRS financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

The following table shows reconciliation from our loss for the year to our adjusted net loss (non-IFRS measure) for the year indicated:

	For the Year Ended December 31,	
	2021	2022
	(in thousands of RMB)	
Loss for the year	(732,949)	(402,894)
Adjusted for:		
Loss from changes in fair value of financial liabilities at FVTPL	511,517	55,510
Share-based payments	34,017	103,829
[REDACTED]	**[REDACTED]**	**[REDACTED]**
Adjusted net loss (non-IFRS measure) for the year	(182,529)	(225,831)

Note: We define adjusted net loss (non-IFRS measure) as loss for the year adjusted by adding back loss from changes in fair value of financial liabilities at FVTPL, share-based payments and **[REDACTED]** expenses, among which, loss from changes in fair value of financial liabilities at FVTPL is an item that we ceased to record since January 31, 2022 as a result of the termination of our investors' certain preferred rights on the same day. We believe the net loss as adjusted by eliminating impact of such items provides useful information to management and investors in facilitating a comparison of our operating performance from year to year.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,	
	2021	2022
	(in thousands of RMB)	
Total non-current assets	188,737	188,107
Total current assets	704,098	651,871
Total assets	**892,835**	**839,978**
Total current liabilities	2,477,831	51,737
Net current (liabilities) assets	**(1,773,733)**	**600,134**
Total non-current liabilities	13,443	9,020
Total liabilities	**2,491,274**	**60,757**
Net (liabilities) assets	**(1,598,439)**	**779,221**
Equity		
Paid-in capital	6,908	—
Share capital	—	356,093
Reserves	(1,605,347)	423,128
Total (deficits) equity	**(1,598,439)**	**779,221**

Current Assets and Current Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,		As of February 28,
	2021	2022	2023
		(in thousands of RMB)	
			(Unaudited)
Current assets			
Bank balances and cash	668,326	635,212	583,424
Prepayments and other receivables	27,528	16,593	16,215
Pledged bank deposits	8,210	—	—
Trade receivables	34	66	41
Financial assets at FVTPL	—	—	20,000
Total current assets	**704,098**	**651,871**	**619,680**
Current liabilities			
Financial liabilities at FVTPL	2,431,584	—	—
Trade and other payables	41,151	46,138	32,201
Lease liabilities	5,096	5,599	5,489
Borrowings	—	—	9,990
Total current liabilities	**2,477,831**	**51,737**	**47,680**
Net current (liabilities) assets	(1,773,733)	600,134	572,000

We recorded net current assets of RMB600.1 million as of December 31, 2022, as compared to net current liabilities of RMB1,773.7 million as of December 31, 2021. The increase of net current assets was primarily due to a decrease of RMB2,431.6 million in financial liabilities at FVTPL, as we ceased recording financial liabilities at FVTPL since January 31, 2022, and our investors' preferred rights, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same day, partially offset by (i) a decrease of RMB33.1 million in bank balances and cash due to the continued increase of our research and development expenses and administrative expenses as a result of our business growth, partially offset by an increase in our bank balances as a result of a portion of proceeds we received from our Series C Financing in January 2022, (ii) a decrease of RMB8.2 million in pledged bank deposits due to the release of the biding deposits used for the purchase of a land parcel in Shanghai in 2021, and (iii) a decrease of RMB10.9 million in prepayments and other receivables, primarily due to a release of RMB6.6 million in deposits for plant construction, which were used as a guarantee for the performance of the construction contract in connection with our manufacturing facilities.

We have terminated our investors' preferred rights and no longer recorded any financial liabilities at FVTPL since January 31, 2022. As a result, we recorded net assets of RMB779.2 million as of December 31, 2022, as compared to net liabilities of RMB1,598.4 million as of December 31, 2021. For further information, see our consolidated statements of changes in equity set forth in the Accountants' Report in Appendix I to this document.

We recorded financial liabilities at FVTPL of RMB2,431.6 million and nil as of December 31, 2021 and December 31, 2022, respectively. Our financial liabilities at FVTPL consisted of financial instruments related to the equity interests with preferred rights held by our investors. We no longer recorded any financial liabilities at FVTPL since January 31, 2022, as our investors' preferred rights, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same day.

Bank Balances and Cash

Our bank balances and cash decreased by RMB33.1 million from RMB668.3 million as of December 31, 2021 to RMB635.2 million as of December 31, 2022, primarily due to the continued increase of our research and development expenses and administrative expenses as a result of our business growth, partially offset by an increase in our bank balances as a result of a portion of proceeds we received from our Series C Financing in January 2022.

Prepayments and Other Receivables

Our prepayments and other receivables primarily consisted of prepayments for research and development related services and materials, and other receivables such as deposits for plant construction as a guarantee for the construction contract in connection with our new facilities and deferred issue costs in connection with the proposed **[REDACTED]** and **[REDACTED]**.

Our prepayments and other receivables decreased by RMB10.9 million from RMB27.5 million as of December 31, 2021 to RMB16.6 million as of December 31, 2022, primarily due to the release of RMB6.6 million in deposits for plant construction, which were used as a guarantee for the performance of the construction contract in connection with our manufacturing facilities. As of February 28, 2023, RMB4.4 million, representing 26.5% of our total prepayments and other receivables as of December 31, 2022, was settled.

The following table sets forth our prepayments and other receivables as of the dates indicated:

	As of December 31,	
	2021	2022
	(in thousands of RMB)	
Other receivables:		
Deposits for plant construction	6,567	—
Deferred issue costs	1,399	6,330
Interest receivables	—	925
Others	21	32
Prepayments for:		
Purchase goods and research and development services	19,420	9,043
Others	121	263
Total	**27,528**	**16,593**

Pledged Bank Deposits

Our pledged bank deposits represent the bidding deposits to get a guarantee letter issued by the bank for acquisition of a land use right. For more details regarding the land use right, see the sub-section headed "— Right-of-use Assets" in this section. We recorded pledged bank deposits of RMB8.2 million and nil as of December 31, 2021 and December 31, 2022, respectively. The changes were primarily due to the deposits made in relation to the purchase of a land parcel in Shanghai in 2021, which were later released to us in May 2022.

Trade Receivables

Our trade receivables mainly consisted of the outstanding amounts payable by our customers for the purchase of our cell lines and other related products and testing services. Our trade receivables slightly increased by RMB32.0 thousand from RMB34.0 thousand as of December 31, 2021 to RMB66.0 thousand as of December 31, 2022.

We normally granted a credit period of 30 days or a particular period agreed with customers. Our trade receivables turnover days increased from 2.9 days in 2021 to 33.6 days in 2022. Trade receivables turnover days for a given period are equal to the average trade receivables balances as of the beginning and the end of the period divided by total net revenues during the period and multiplied by the number of days during the period.

Financial Liabilities at FVTPL

Our financial liabilities at FVTPL consisted of financial instruments in connection with the equity interests with preferred rights held by our investors. We recorded financial liabilities at FVTPL of RMB2,431.6 million and nil as of December 31, 2021 and December 31, 2022, respectively. We no longer recorded any financial liabilities at FVTPL since January 31, 2022, as our investors' preferred rights, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same day.

Trade and Other Payables

Our trade and other payables mainly included trade payables and accrued research and development expenses for CRO and CDMO services, accrued staff costs and benefits, accrued issue costs, accrued **[REDACTED]** expenses, payables for property and equipment and other tax payables.

Our trade and other payables increased by RMB5.0 million from RMB41.2 million as of December 31, 2021 to RMB46.1 million as of December 31, 2022, primarily attributable to (i) an increase of RMB5.6 million in accrued staff costs and benefits, due to the expansion of our research and development team and management team as well as the compensation raise in 2022, and (ii) an increase of RMB4.3 million in accrued **[REDACTED]** expenses and an increase of RMB1.3 million in issue costs, in connection with the proposed **[REDACTED]** and **[REDACTED]**; partially offset by a decrease of RMB0.9 million in accrued research and development expenses, primarily due to our timely repayment of research and development expenses.

As of February 28, 2023, RMB22.4 million, representing 48.6% of our total trade and other payables as of December 31, 2022, was settled.

The table below sets forth our trade and other payables as of the dates indicated:

	As of December 31,	
	2021	2022
	(in thousands of RMB)	
Trade and other payables:		
Trade payables for research and development expenses	1,764	1,262
Accrued research and development expenses	17,102	16,199
Accrued staff costs and benefits	7,066	12,709
Accrued issue costs	834	2,165
Accrued **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**
Payables for property and equipment	6,928	5,705
Other tax payables	2,955	612
Others	1,543	237
Total	**41,151**	**46,138**

The following table sets forth an aging analysis of our trade payables presented based on the invoice dates at the end of each reporting period:

	As of December 31,	
	2021	2022
	(in thousands of RMB)	
0 — 30 days	1,764	713
31 — 90 days	—	481
91 — 180 days	—	68
	1,764	1,262

Lease Liabilities (current and non-current portions)

Our lease liabilities were in relation to the properties that we leased for our office premises, research and development center and production facilities. We recorded lease liabilities of RMB18.5 million and RMB14.6 million as of December 31, 2021 and December 31, 2022, respectively. The decrease of RMB3.9 million in lease liabilities from RMB18.5 million as of December 31, 2021 to RMB14.6 million as of December 31, 2022 was because of the timely repayment of our lease liabilities.

Property and Equipment

Our property and equipment primarily consisted of machinery and equipment, leasehold improvements, construction in progress and office equipment and fixtures. Our property and equipment further increased by RMB17.8 million from RMB52.0 million as of December 31, 2021 to RMB69.8 million as of December 31, 2022, primarily because of (i) an increase of RMB19.2 million for the construction of our manufacturing facilities in Zhangjiang Science City, Shanghai, and (ii) an increase of RMB2.8 million for the purchase of research and development related equipment.

The following table sets forth our property and equipment as of the dates indicated:

	As of December 31,	
	2021	2022
	(in thousands of RMB)	
Property and equipment:		
Machinery and equipment	30,542	33,347
Leasehold improvements	17,634	13,406
Construction in progress	3,224	22,460
Office equipment and fixtures	568	594
Vehicles	58	23
Total	**52,026**	**69,830**

Right-of-use Assets

Our right-of-use assets primarily arose from our leased properties and land use right. Our right-of-use assets decreased by RMB8.0 million from RMB102.1 million as of December 31, 2021 to RMB94.1 million as of December 31, 2022, primarily due to a decrease of RMB4.2 million in land use right and a decrease of RMB3.8 million in leased properties, both of which were resulted from depreciation charge of the properties for the year.

The following table sets forth our right-of-use assets as of the dates indicated:

	As of December 31,	
	2021	2022
	(in thousands of RMB)	
Right-of-use assets:		
Leased properties	17,894	14,089
Land use right	84,201	79,973
Total	**102,095**	**94,062**

Other Non-current Assets

Our other non-current assets consisted of value-added tax recoverable, deposits for plant construction, prepayments for property and equipment, and rental deposits. Our other non-current assets decreased by RMB10.4 million from RMB34.6 million as of December 31, 2021 to RMB24.2 million as of December 31, 2022, primarily because of (i) a decrease of RMB7.1 million in value-added tax recoverable due to the tax refund received in 2022, and (ii) a decrease of RMB3.5 million in prepayments for property and equipment as it was converted to our property and equipment in 2022.

The following table sets forth our other non-current assets as of the dates indicated:

	As of December 31,	
	2021	2022
	(in thousands of RMB)	
Other non-current assets:		
Value-added tax recoverable	19,623	12,496
Deposits for plant construction	9,851	9,851
Prepayments for property and equipment	3,483	—
Rental deposits	1,659	1,868
Total	**34,616**	**24,215**

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios as of the dates indicated:

	As of December 31,	
	2021	2022
Current ratio[(1)]	0.28	12.60

Note:

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

Our current ratio increased from 0.28 as of December 31, 2021 to 12.60 as of December 31, 2022, mainly attributable to the decrease in our current liabilities from RMB2,477.8 million as of December 31, 2021 to RMB51.7 million as of December 31, 2022. The decrease in our current liabilities was primarily because we ceased recording financial liabilities at FVTPL since January 31, 2022, and our investors' preferred rights, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same day. See "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Current Assets and Current Liabilities."

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund the preclinical and clinical development of our drug candidates, administrative expenses and other recurring expenses. Our net cash used in operating activities was RMB190.5 million and RMB238.7 million in 2021 and 2022, respectively, primarily due to the significant research and development expenses and administrative expenses we incurred during the Track Record Period without generating any revenue from sales of our drug candidates. Our operating cash flow will continue to be affected by our research and development expenses. During the Track Record Period and up to the Latest Practicable Date, we have primarily funded our working capital requirements through proceeds from private equity financings. Our management closely monitors uses of cash and cash balances and strives to maintain a healthy liquidity for our operations. Going forward, we believe our liquidity requirements will be satisfied by a combination of **[REDACTED]** from the **[REDACTED]**, funds received from potential collaboration arrangements and cash generated from our operations after the commercialization of our drug candidates. With the continuing expansion of our business, we may require further funding through public or private **[REDACTED]**, debt financings, collaboration arrangements or other sources. As of December 31, 2022, our bank balances and cash amounted to RMB635.2 million.

Cash Flows

The following table sets forth our cash flows for the periods indicated:

	For the Year Ended December 31,	
	2021	2022
	(in thousands of RMB)	
Operating cash flow before movements in working capital	(166,464)	(260,762)
Changes in working capital	(24,077)	22,052
Income tax paid	—	—
Net cash used in operating activities	(190,541)	(238,710)
Net cash (used in) from investing activities	(108,722)	49
Net cash from financing activities	793,033	179,380
Net increase (decrease) in cash and cash equivalents	493,770	(59,281)
Cash and cash equivalents at beginning of year	183,674	668,326
Effect of foreign exchange rate changes, net	(9,118)	26,167
Cash and cash equivalents at end of year	668,326	635,212

Net Cash Used in Operating Activities

For the year ended December 31, 2022, our net cash used in operating activities was RMB238.7 million. Our loss for the year was RMB402.9 million for the same period. The difference between our loss for the year and our net cash used in operating activities was primarily attributable to (i) certain non-cash or non-operating expenses or losses, including share-based payment expenses of RMB103.8 million, loss from changes in fair value of financial liabilities at FVTPL of RMB55.5 million, depreciation of property and equipment of RMB11.9 million, and depreciation of right-of-use assets of RMB5.7 million, partially offset by net foreign exchange gains of RMB26.1 million and bank interest income of RMB9.5 million; and (ii) changes in certain working capital items, including a decrease in prepayments and other receivables of RMB10.2 million and a decrease in other non-current assets of RMB7.0 million.

For the year ended December 31, 2021, our net cash used in operating activities was RMB190.5 million. Our loss for the year was RMB732.9 million for the same period. The difference between our loss for the year and our net cash used in operating activities was primarily attributable to (i) certain non-cash or non-operating expenses or losses, including loss from changes in fair value of financial liabilities at FVTPL of RMB511.5 million, share-based payments expenses of RMB34.0 million, net foreign exchange losses of RMB9.1 million, depreciation of property and equipment of RMB7.8 million, and depreciation of right-of-use assets of RMB5.4 million; and (ii) changes in certain working capital items, including an increase in trade and other payables of RMB7.7 million, partially offset by an increase in prepayments and other receivables of RMB18.1 million and an increase in other non-current assets of RMB13.6 million.

We recorded net operating cash outflows during the Track Record Period. Going forward, we plan to improve our net operating cash flow position through the continued advancement of clinical development and commercialization of our drug candidates, business collaboration and partnership, including out-licensing, commercialization collaboration, as well as optimization of our cost structure and operating efficiency. In particular, we plan to (i) rapidly advance the clinical development and commercialization of our Core Product and Key Products, for our clinical development and commercialization plans, see "Business — Our Drug Candidates," (ii) explore potential collaboration opportunities for our product candidates, in particular, we plan to present clinical data of our drug candidates at international conferences to attract the interest of potential strategic partners, for details on our collaboration plans, see "Business — Our Strategies — To Expand Our Global Footprint and Maximize the Clinical and Commercial Value of Our Drug Candidates Through Global Clinical Trials and Accretive Partnerships," (iii) enhance management over our working capital, by monitoring and managing our receivables collection, payables settlement, and inventory turnover, and (iv) implement comprehensive measures to optimize our cost structure and control our costs and expenses, among others, we aim to strengthen our procurement management to further improve efficiency and lower cost.

Net Cash (Used in) from Investing Activities

For the year ended December 31, 2022, our net cash from investing activities was RMB49 thousand, primarily attributable to bank interest received of RMB8.6 million, withdrawal of pledged bank deposits of RMB8.2 million and withdrawal of deposits for plant construction of RMB6.6 million, offset by purchase of property and equipment of RMB23.2 million.

For the year ended December 31, 2021, our net cash used in investing activities was RMB108.7 million, primarily attributable to purchase of financial assets at FVTPL of RMB329.0 million, payments for right-of-use assets of RMB84.6 million, purchase of property and equipment of RMB24.3 million, and payments for deposits of RMB16.4 million, partially offset by withdrawal of financial assets at FVTPL of RMB352.7 million.

As part of our treasury management, we invested in certain wealth management products and structured deposits to better utilize excess cash when our cash sufficiently covered our ordinary course of business. In 2021, we redeemed all of our investment in wealth management products and structured deposits and no longer recorded financial assets at FVTPL since then.

We have implemented a series of internal control policies and rules setting forth overall principles as well as detailed approval process for our treasury management activities. Our finance team, with extensive experience in financial planning and analysis, investment management, and internal control, is responsible for proposing, analyzing and evaluating potential investment in wealth management products and structured deposits. Our management will review the product proposed by our finance department and determine whether to approve the product after thoroughly considering a number of factors, including but not limited to, general market conditions, risk control and credit of issuing financial institutions, our own working capital conditions and the expected profit and potential risk of the investment. Our Board oversees the overall financing activities and investment strategies and supervises our internal audit and risk control departments in the management of our Company's auditing and treasury management activities, including providing improvement suggestions and engaging periodical discussions with the relevant management team pursuant to our internal control policies. Under our treasury management policy, we limited our purchases to principal-guaranteed products from reputable commercial banks in China which must not affect our daily operation and business prospects.

To control our risk exposure, we have in the past sought, and may continue in the future to seek, principal-guaranteed structured deposits and other wealth management products that provide better investment returns than term deposits at commercial banks. Upon the completion of the **[REDACTED]**, we will comply with relevant size test requirements under Chapter 14 of the Listing Rules and disclose the details of our investments or other notifiable transactions to the extent necessary and as appropriate.

Net Cash from Financing Activities

For the year ended December 31, 2022, our net cash from financing activities was RMB179.4 million, which was primarily attributable to remaining proceeds from issue of Series C shares of RMB183.6 million and proceeds from issue of paid-in capital to employee stock ownership platforms of RMB6.0 million. It was partially offset by repayments of lease liabilities of RMB5.8 million and **[REDACTED]** costs paid in connection with the proposed **[REDACTED]** and **[REDACTED]** of **[REDACTED]**.

For the year ended December 31, 2021, our net cash from financing activities was RMB793.0 million, which was primarily attributable to proceeds from issue of Series B+ shares of RMB427.8 million and proceeds from issue of Series C shares of RMB373.2 million in 2021. It was partially offset by repayments of lease liabilities of RMB4.8 million, and payments for transaction costs for the issue of Series B+ shares and Series C shares of RMB1.7 million.

CASH OPERATING COSTS

The following table sets forth our cash operating costs for the periods indicated:

	For the Year Ended December 31,	
	2021	2022
	(in thousands of RMB)	
Costs relating to research and development of our Core Product		
Preclinical and CMC expenses	8,958	23,836
Clinical trial expenses	17,333	52,760
Salaries and related benefit costs	4,412	14,839
Costs of materials and consumables	8,633	7,890
Others	972	2,166
Costs relating to research and development of our other product candidates		
Preclinical and CMC expenses	43,796	32,792
Clinical trial expenses	24,286	42,907
Salaries and related benefit costs	22,116	34,578
Costs of materials and consumables	19,088	7,115
Others	4,010	5,560
Total	**153,604**	**224,443**
Workforce employment cost[(1)]	9,095	16,808
Direct production cost[(2)]	—	—
Non-income taxes, royalties and other governmental charges	—	—
Contingency allowances	—	—
Product marketing[(3)]	—	—

Notes:

(1) Workforce employment cost represents total non-research and development personnel costs mainly including salaries and benefits.

(2) We had not commenced commercial manufacturing as of the Latest Practicable Date.

(3) We had not commenced product sales as of the Latest Practicable Date.

WORKING CAPITAL CONFIRMATION

The Directors are of the opinion that, taking into account the financial resources available to us, including cash and cash equivalents, internally generated funds, financial assets, the estimated **[REDACTED]** from the **[REDACTED]** and our cash burn rate, which is the average monthly cash used in operations plus payments for property, plant and equipment, we have sufficient working capital to cover at least 125% of our costs, including research and development costs, general, administrative and operating costs, for at least the next 12 months from the date of this document.

Our Directors believe that, by taking into account our cash and cash equivalents of RMB635.2 million as of December 31, 2022 and assuming that our cash burn rate going forward will be approximately 1.7 times of the cash burn rate for the year ended December 31, 2022, we can remain financially viable for approximately [44] months from December 31, 2022 if taking into account the estimated RMB**[REDACTED]** of the **[REDACTED]** from the **[REDACTED]** (being the lower-end of the indicative **[REDACTED]** range of HK$**[REDACTED]** to HK$**[REDACTED]** per H Share). We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

INDEBTEDNESS

The following table sets forth our indebtedness by nature as of the dates indicated:

	As of December 31,		As of February 28,
	2021	2022	2023
		(in thousands of RMB)	
			(Unaudited)
Indebtedness:			
Borrowings	—	—	9,990
Lease liabilities	18,539	14,619	13,823
Financial liabilities at FVTPL	2,431,584	—	—
Total	**2,450,123**	**14,619**	**23,813**

Borrowings

In March 2021, we entered into a one-year credit facility agreement with a reputable commercial bank in China, which granted us a credit line in an aggregate amount of RMB20.0 million with an effective interest rate of 4.35% per annum. In January 2023, we entered into another one-year credit facility agreement with the same bank, which granted us a credit line in an aggregate amount of RMB100.0 million with the interest rate to be determined upon negotiations between the bank and us based on then prevailing loan prime rate. As of February 28, 2023, the amount of unutilized credit facilities was RMB90.0 million.

Our credit facility agreements contained standard terms, conditions and covenants that were customary for commercial bank loans. Our Directors confirm that we had not experienced any difficulty in obtaining bank borrowings, default in payment of bank borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

The following table sets forth our lease liabilities as of the dates indicated:

	As of December 31,		As of February 28,
	2021	2022	2023
		(in thousands of RMB)	
			(Unaudited)
Lease liabilities (unsecured and unguaranteed):			
Current	5,096	5,599	5,489
Non-current	13,443	9,020	8,334
Total	**18,539**	**14,619**	**13,823**

The weighted average incremental borrowing rate applied to our lease liabilities was 4.75% during the Track Record Period. Also see "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Current Assets and Current Liabilities — Lease Liabilities (current and non-current portions)."

Financial Liabilities at FVTPL

The aggregated proceeds we received from our various series of financings are recognized as financial liabilities at FVTPL (unsecured and unguaranteed). As of December 31, 2021, December 31, 2022 and February 28, 2023, the carrying amount of our financial liabilities at FVTPL amounted to RMB2,431.6 million, nil and nil, respectively, which included the initial consideration received and subsequent fair value changes. We no longer recorded any financial liabilities at FVTPL since January 31, 2022, as the investors' preferred rights in connection with our series of financings, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same day. For further information regarding our financial liabilities at FVTPL, see note 26 to the Accountant's Report set out in Appendix I to this document.

Except as discussed above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of February 28, 2023.

CAPITAL EXPENDITURES

We regularly incur capital expenditures to purchase and maintain our property and equipment in order to enhance our development capabilities and expand our business operations. Historically, we have funded our capital expenditures mainly through private equity financings. The following table sets forth our capital expenditures for the periods indicated:

	For the Year Ended December 31,	
	2021	2022
	(in thousands of RMB)	
Capital expenditures:		
Purchases of property and equipment	24,282	23,224

We expect that our capital expenditures in 2023 and 2024 will be approximately RMB49.9 million and RMB66.8 million, respectively, which are primarily related to the construction of our manufacturing facilities as well as maintenance of our existing manufacturing capabilities. See the section headed "Future Plans and Use of **[REDACTED]**" for more details. We plan to fund our planned capital expenditures mainly through a combination of internal financial resources, the **[REDACTED]** from the **[REDACTED]**, bank borrowings, funds from potential collaboration arrangements, revenue expected to be generated from sales of our products in the future and others. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors as appropriate.

CONTRACTUAL OBLIGATIONS

Capital Commitments

As of December 31, 2021 and December 31, 2022, we had capital commitments contracted, but not yet provided, of RMB36.0 million and RMB5.7 million, respectively. Such capital commitments reflected capital expenditure we contracted for but not provided on acquisition of property and equipment in the historical financial information.

CONTINGENT LIABILITIES

As of December 31, 2021 and December 31, 2022, we did not have any contingent liabilities. We confirm that as of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We had not entered into any off-balance sheet transactions as of the Latest Practicable Date.

RELATED PARTY TRANSACTIONS

As of December 31, 2021 and December 31, 2022, our related party transactions were compensation including grants of restricted shares to our key management personnel and grants of restricted shares to Dr. Yumei Ding, a consultant of our Company and spouse of our CEO and executive director Dr. Tian. Dr. Ding, M.D., is a licensed medical practitioner with around 15 years of clinical experience in the U.S. She also conducted academic research in the field of immunology in several academic institutions. With a wealth of clinical experience, Dr. Ding is a member of Chinese American Independent Practice Association (CAIPA) and has established extensive networks and connections with practicing physicians. Given that our senior management team is mainly based in China, as we plan to expand our presence globally, we engaged Dr. Ding as our consultant in June 2021. Dr. Ding is engaged to provide consulting services for our overseas business operations in various aspects, including reviewing business plans and development strategies, identifying challenges and opportunities in overseas market, supervising clinical development efforts in the U.S., liaising with physicians and other external partners, overseeing international business development efforts and **[REDACTED]** process, and in exchange for her services, we issued restricted shares to Dr. Ding. The amount of restricted shares issued to Dr. Ding is in line with those issued to our senior management, and we recognized RMB5.6 million and RMB6.0 million in 2021 and 2022, respectively, for the expenses of the share-based payment for her compensation according to the accounting standard.

The remuneration of key management members of our Group during the Track Record Period was as follows:

	For the Year Ended December 31,	
	2021	2022
	(in thousands of RMB)	
Salaries and other benefits	3,676	11,142
Retirement benefits scheme contributions	170	466
Discretionary bonus	570	2,089
Share-based payments	12,330	84,859
Total	**16,746**	**98,556**

It is the view of our Directors that our related party transactions during the Track Record Period (i) were conducted in the ordinary and usual course of business and on normal commercial terms between the relevant parties, and (ii) do not distort our Track Record Period results or make our historical results not reflective of future performance.

Details of our transactions with related parties during the Track Record Period are set out in note 30 to the Accountants' Report in Appendix I to this document.

MARKET RISK DISCLOSURE

The risks associated with our financial assets and liabilities include market risks, credit risk and liquidity risk. The market risks that we are exposed to primarily include currency risk, interest rate risk and other price risk. The Directors regularly review and agree policies for managing each of these risks and they are summarized below. For more details, see note 33 to the Accountants' Report set out in the Appendix I to this document.

Currency Risk

Certain of our financial assets and liabilities are exposed to foreign currency risk. We did not have a foreign currency hedging policy against our exposure to currency risk during the Track Record Period and up to the Latest Practicable Date. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. For details, including relevant sensitivity analysis, see note 33b to the Accountants' Report set out in Appendix I to this document.

Credit Risk

The carrying amounts of trade receivables, other receivables, amounts due from subsidiaries, bank balances and pledged bank deposits included in the consolidated statements of financial position represent our maximum exposure to credit risk in relation to our financial assets.

Trade Receivables

For trade receivables, we have applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime expected credit losses, or ECL. The ECL on trade receivables are assessed individually, based on the past default experience of the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forward-looking information that is available without undue cost or effort at the end of each reporting period. Our Directors consider the ECL provision of trade receivables is insignificant as these balances are mainly due from a counterparty of good credit quality.

Other Receivables

For other receivables, we have applied 12-month ECL, or 12m ECL, in IFRS 9 to measure the loss allowance. The ECL on other receivables are assessed individually based on historical settlement records and past default experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of each reporting period. Our Directors consider the ECL provision of other receivables is insignificant.

Bank Balances and Pledged Bank Deposits

The credit risk on bank balances and pledged bank deposits is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. For further details, see note 33b to the Accountants' Report set out in Appendix I to this document.

Liquidity Risk

In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows. We rely on issuance of ordinary shares as significant sources of liquidity. Our Directors are satisfied that we will have sufficient financial resources to meet our

financial obligations as they fall due and to sustain our operations for the foreseeable future. For further details on our liquidity risk, see note 33b to the Accountants' Report set out in Appendix I to this document.

DIVIDEND

We have never declared or paid any dividends on our ordinary shares or any other securities. We currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business and we do not intend to declare or pay any dividends in the foreseeable future. Investors should not purchase our ordinary shares with the expectation of receiving cash dividends. Any future determination to pay dividends will be made at the discretion of our Directors subject to our Articles of Association and the PRC Company Law, and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. As confirmed by our PRC Legal Advisor, according to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

DISTRIBUTABLE RESERVES

As of December 31, 2022, we did not have any distributable reserves.

[REDACTED] EXPENSES

[REDACTED] expenses to be borne by us are estimated to be approximately HK$ **[REDACTED]** (including **[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share, being the mid-point of the indicative **[REDACTED]** range of HK$**[REDACTED]** to HK$**[REDACTED]** per H Share), which represent **[REDACTED]**% of the **[REDACTED]** from the **[REDACTED]**, assuming no Shares are issued pursuant to the **[REDACTED]**. The above **[REDACTED]** expenses are comprised of (i) **[REDACTED]**-related expenses of **[REDACTED]**, including (a) the sponsors fee of **[REDACTED]**, and (b) the **[REDACTED]** of RMB**[REDACTED]**, and (ii) non-**[REDACTED]**-related expenses of RMB**[REDACTED]**, including (a) the legal advisors and the reporting accountants expenses of RMB**[REDACTED]**, and (b) other fees and expenses of RMB**[REDACTED]**. In 2021 and 2022, **[REDACTED]** expenses were RMB**[REDACTED]** (approximately HK$**[REDACTED]**) and RMB**[REDACTED]** (approximately HK$**[REDACTED]**), respectively, and the deferred issue costs were RMB**[REDACTED]** (approximately HK$**[REDACTED]**) and RMB**[REDACTED]** (approximately HK$**[REDACTED]**), respectively. After December 31, 2022, approximately HK$**[REDACTED]** is expected to be charged to our consolidated statements of profit or loss and other comprehensive expenses and approximately HK$**[REDACTED]** is expected to be accounted for 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. For details on our **[REDACTED]** expenses, see note 11 and note 21 to the Accountants' Report set out in the Appendix I to this document.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited **[REDACTED]** statement of adjusted consolidated net tangible assets of our Group attributable to owners of our Company which has been prepared in accordance with paragraph 4.29 of the Listing Rules is for the purpose of illustrating the effect of the proposed **[REDACTED]** as if the **[REDACTED]** had taken place on December 31, 2022.

This unaudited **[REDACTED]** statement of adjusted consolidated net tangible assets of our Group attributable to owners of our Company has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group attributable to owners of our Company as of December 31, 2022 or at any further dates following the **[REDACTED]**.

The following unaudited **[REDACTED]** statement of adjusted consolidated net tangible assets of our Group attributable to owners of our Company is prepared based on the audited consolidated net tangible assets of our Group attributable to owners of our Company as of December 31, 2022 as derived from the Accountants' Report set out in Appendix I to this document and adjusted as described below.

	Audited consolidated net tangible assets of our Group attributable to owners of our Company as at December 31, 2022	Estimated [REDACTED] from the [REDACTED]	Unaudited [REDACTED] adjusted consolidated net tangible assets of our Group attributable to owners of our Company as at December 31, 2022	Unaudited [REDACTED] adjusted consolidated net tangible assets of our Group attributable to owners of our Company as at December 31, 2022 per Share	
	RMB'000 *(Note 1)*	*RMB'000* *(Note 2)*	*RMB'000*	*RMB* *(Note 3)*	*HK$* *(Note 4)*
Based on the **[REDACTED]** of HK$**[REDACTED]** Per H Share	779,221	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Based on the **[REDACTED]** of HK$**[REDACTED]** Per H Share	779,221	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Notes:

(1) The consolidated net tangible assets of our Group attributable to owners of our Company as at December 31, 2022 is the audited consolidated net assets of RMB779,221,000 attributable to owners of our Company as at December 31, 2022 as extracted from the Accountants' Report set out in Appendix I to this document.

(2) The estimated **[REDACTED]** from the **[REDACTED]** of the new H Shares pursuant to the **[REDACTED]** are based on **[REDACTED]** H Shares at the **[REDACTED]** of HK$**[REDACTED]** and HK$**[REDACTED]** per H Share, being the low-end and high-end of the stated **[REDACTED]** range, after deduction of the estimated **[REDACTED]** and **[REDACTED]** and other **[REDACTED]** related expenses not yet recognised in profit or loss up to December 31, 2022. It does not take into account of (i) any Share which may be **[REDACTED]** and **[REDACTED]** upon the exercise of the **[REDACTED]**, or (ii) under the general mandates for the **[REDACTED]** and **[REDACTED]** of shares granted to the directors of our Company.

For the purpose of this unaudited **[REDACTED]** statement, the estimated **[REDACTED]** from the **[REDACTED]**, the amount denominated in HK$ has been converted into RMB at the rate of HK$1 to RMB0.87969, which was the exchange rate prevailing on March 17, 2023 with reference to the rate published by the People's Bank of China. No representation is made that the HK$ amounts have been, could have been or may be converted to RMB, or vice versa, at that rate or any other rates or at all.

(3) The unaudited **[REDACTED]** adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share is arrived at on the basis that **[REDACTED]** Shares were in issue assuming that the **[REDACTED]** had been completed on December 31, 2022 and it does not take into account of (i) any Share which may be **[REDACTED]** and **[REDACTED]** upon the exercise of the **[REDACTED]**, or (ii) under the general mandates for the **[REDACTED]** and **[REDACTED]** of shares granted to the directors of our Company.

(4) For the purpose of this unaudited **[REDACTED]** adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share, the amount stated in RMB is converted into HK$ at the rate of RMB 1 to HK$ 1.1368, which was the exchange rate prevailing on March 17, 2023 with reference to the rate published by the People's Bank of China. No representation is made that the RMB amounts have been, could have been or may be converted to HK$, or vice versa, at that rate or any other rates or at all.

(5) No adjustment has been made to the unaudited **[REDACTED]** adjusted consolidated net tangible assets of our Group attributable to owners of our Company as at December 31, 2022 to reflect any trading result or other transaction of our Group entered into subsequent to December 31, 2022.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, there has been no material adverse change in our financial or trading position or prospects since December 31, 2022 and up to the date of this document and there is no event since December 31, 2022 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this document.

IMPACT OF THE COVID-19 OUTBREAKS

Since late 2019, COVID-19 has spread rapidly globally. We have employed various measures to mitigate any impact the COVID-19 outbreaks may have on our operations in China and the U.S. and the development of our drug candidates, including offering personal protection equipment such as masks to our employees, regularly checking the body temperature of our employees and closely monitoring their health conditions. After the initial outbreak in late 2019, from time to time, especially since late 2021 and throughout 2022, there had been scattered outbreaks of COVID-19 in multiple regions of China and various control measures were taken to contain the COVID-19 spread. In late 2022, China began to modify its COVID-19 policy, and most of the travel restrictions and quarantine requirements were lifted in December 2022.

The COVID-19 outbreaks since March 2022 in Shanghai and certain other regions in China and the quarantine measures taken to contain the spread did not have material impact on us, primarily because (i) the outbreaks only affected our clinical trial sites in certain regions for a limited period of time, such as Shanghai from March to May 2022, Henan province and Liaoning province in October 2022, whereas the clinical trial sites located in COVID-19 low-risk areas were not impacted; (ii) during late March to May 2022 when the quarantine measures were in place in Shanghai, we had several essential workers voluntarily stayed at our facilities to ensure the continued research and development and CMC activities, and for the same reason, manufacturing of our product candidates was not interrupted and was able to continuously support our clinical development activities; (iii) we had resumed daily operations since the beginning of June 2022 in a way that our office had reopened, our employees had returned to office, and our research, clinical development and CMC activities were fully recovered; since then and up to the Latest Practicable Date, we had not been subject to further suspension of our daily operations; (iv) for our drug candidates manufactured by CDMOs, we were informed that they were not severely affected by the outbreaks; (v) we had adequate raw materials for the continued manufacturing of our product candidates; and (vi) the construction of our manufacturing facilities was impacted due to the resurgence of COVID-19 in Shanghai; however, as we plan to work with our CMO/CDMO partners and reserve their manufacturing capacities in advance to meet the drug supply demands for pivotal trials and initial product launch of our product candidates, we expect limited impact of such potential delay on our operations and financial performance. The expected development progress of our drug candidates has taken into account the temporary delays and disruptions on our ongoing clinical trials and manufacturing capabilities caused by the previous COVID-19 outbreaks in Shanghai and certain other regions in China. However, as the COVID-19 outbreaks are with limited precedent, it is not possible to predict the impact on our business or our industry in a precise way.

In view of the above situation, our Directors confirmed that the COVID-19 outbreaks did not have a material adverse impact on our business operations and financial performance as of the Latest Practicable Date, as (i) there had been no material disruption of our ongoing clinical trials or research and development efforts; and (ii) we had not encountered any material supply chain disruption. We cannot foresee whether COVID-19 will have a material and adverse impact on our business going forward. See "Risk Factors — Key Risks Relating to Our Business, Business Operations, Intellectual Property Rights and Financial Prospects — The COVID-19 pandemic could adversely impact our business, including our clinical trials." We will closely monitor and evaluate any impact of such outbreak on us and adjust our precautionary measures according to its developments. We will also continue to monitor the COVID-19 situation as well as various regulatory and administrative measures adopted to prevent and control the outbreak.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

Please see "Business — Our Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that the aggregate **[REDACTED]** to our Company from the **[REDACTED]** will be approximately HK$**[REDACTED]**, after deducting **[REDACTED]**, fees and estimated expenses in connection with the **[REDACTED]** paid and payable by us taking into account any additional discretionary incentive fee and assuming that the **[REDACTED]** is not exercised and an **[REDACTED]** of HK$**[REDACTED]** per H Share, being the mid-point of the indicative **[REDACTED]** range of HK$**[REDACTED]** to HK$**[REDACTED]** per H Share.

We currently intend to apply such **[REDACTED]** from the **[REDACTED]** for the following purposes:

(a) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for ongoing and planned clinical trials, preparation for registration filings, and planned commercial launch of our Core Product, IMM01 (SIRPα-Fc fusion protein), of which

  (i) **[REDACTED]**%, or HK$**[REDACTED]**, will be used for funding an ongoing Phase II trial and planned pivotal clinical trials for the combination therapy of IMM01 and azacitidine for the first-line treatment of myelodysplastic syndromes (MDS)/acute myeloid leukemia (AML), and chronic myelomonocytic leukemia (CMML) in China, the preparation of relevant registration filings and other regulatory matters. We expect to initiate the pivotal trial in the fourth quarter of 2023 and plan to submit the BLA to the NMPA first targeting first-line CMML in the first quarter of 2025, followed by MDS/AML. In particular, we plan to seek an accelerated marketing approval through relatively small sample size studies targeting the first-line treatment of CMML. For more details on the clinical development plans of this combination therapy, please see "Business — Our Innate Immune Checkpoint-targeted Drug Candidates — IMM01 (SIRPα-Fc Fusion Protein) — Clinical Development Plan — Combination Therapy — Combination with Azacitidine;" and

  (ii) **[REDACTED]**%, or HK$**[REDACTED]**, will be used for funding ongoing and planned clinical trials of the combination therapy of IMM01 and tislelizumab in China, the preparation of relevant registration filings and other regulatory matters. We have initiated a Phase II trial in China evaluating this combination in various advanced solid tumors that failed to respond to or relapsed from the standard of care such as PD-1/PD-L1 inhibitors, including among others, non-small-cell lung cancer (NSCLC), small cell lung cancer (SCLC), and head and neck squamous cell carcinomas (HNSCC), and expect to initiate a pivotal trial in the third quarter of 2024. After accumulating more clinical data, we may evaluate this combination therapy for the first-line treatment of those solid tumors as well as for the treatment of other cancer indications. We are also evaluating this combination therapy in classical Hodgkin lymphoma (cHL) patients who relapsed or progressed after the treatment of PD-1 inhibitors, which may allow us to pursue an accelerated marketing approval leveraging the results of relatively small sample size studies. For more details on the clinical development plans of this combination therapy, please see "Business — Our Innate Immune Checkpoint-targeted Drug Candidates — IMM01 (SIRPα-Fc Fusion Protein) — Clinical Development Plan — Combination Therapy — Combination with tislelizumab."

(iii) **[REDACTED]**%, or HK$**[REDACTED]**, will be used for funding the launch and commercialization of IMM01 in combination therapies. We may seek collaboration on sales and marketing in addition to building our own team.

(b) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for ongoing and planned clinical trials, preparation for registration filings, and planned commercial launch of our Key Products, IMM0306 (CD47×CD20), IMM2902 (CD47×HER2) and IMM2520 (CD47×PD-L1), of which

(i) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for ongoing and planned clinical trials of IMM0306 for the treatment of R/R B-NHL in China, the preparation of relevant registration filings, other regulatory matters, and planned commercial launch in China. We have initiated the Phase I trial of IMM0306 in China in May 2020 and expect to complete this trial by April 2023. We commenced a Phase IIa trial for IMM0306 monotherapy for the third- or later-line treatment of FL in March 2023 and plan to seek an accelerated marketing approval through a single-arm trial. We expect to commence pivotal trials in China in the third quarter of 2024, and submit the BLA in the fourth quarter of 2025. Furthermore, we plan to launch the Phase Ib trial for the combination of IMM0306 and lenalidomide targeting front-line B-NHL following its IND approval obtained in January 2023 from the NMPA. We have also received an IND approval for IMM0306 from the FDA in January 2021. With further clinical validation in the Phase I trial in China, we will then decide on our clinical development and collaboration strategy for IMM0306 in the U.S. For more details on the clinical development plans of IMM0306, please see "Business — Our Innate Immune Checkpoint-targeted Drug Candidates — IMM0306 (CD47×CD20) — Clinical Development Plan;"

(ii) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for the ongoing clinical trials of IMM2902 for the treatment of advanced HER2-positive and HER2-low expressing solid tumors, such as breast cancer (BC), gastric cancer (GC), NSCLC and biliary tract cancer (BTC) in China and the U.S., and the planned pivotal clinical trial of IMM2902 in China, the preparation of relevant registration filings, other regulatory matters, and planned commercial launch. In China, we initiated the Phase Ia clinical trial in February 2022 and are currently enrolling patients for the sixth cohort. In the U.S., we dosed the first patient for Phase Ia clinical trial in June 2022, and received the Fast Track Designation from the FDA in July 2022. We expect to largely complete the Phase Ia trials in China and the U.S. in 2023. For more details on the clinical development plans of IMM2902, please see "Business — Our Innate Immune Checkpoint-targeted Drug Candidates — IMM2902 (CD47×HER2) — Clinical Development Plan;" and

(iii) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for planned clinical trials of IMM2520 in China for the treatment of solid tumors, particularly those resistant or not sensitive to the currently available immunotherapies, such as colorectal cancer (CRC), GC and lung cancer, among others. We have obtained IND approvals for IMM2520 from the NMPA in November 2022 and from the FDA in December 2022, and dosed the first patient for the Phase I clinical trial in China in March 2023. For more details on the clinical development plans of IMM2520, please see "Business — Our Innate Immune Checkpoint-targeted Drug Candidates — IMM2520 (CD47×PD-L1) — Clinical Development Plan."

(c) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for the ongoing pre-clinical development and planned clinical trials of IMM47 (CD24 mAb) and IMM4701 (CD47×CD24). We plan to submit IND applications for IMM47 (CD24 mAb), with the NMPA and the FDA in 2023, and initiate a Phase I dose-escalation study first in Australia in mid-2023 targeting various solid tumors, including lung cancer, ovarian cancer, esophageal cancer, among others. Initiating a clinical trial in Australia first can help us to begin global clinical trials earlier and accelerate clinical validation of IMM47. Additionally, we believe Australian trial can generate valuable clinical data on ethnically diverse populations, thus enhancing our ability to pursue collaboration opportunities with global pharmaceutical companies. With regard to IMM4701, we plan to file IND applications with the NMPA and the FDA leveraging the data observed from IMM47, and further seek collaboration opportunities with global pharmaceutical companies.

(d) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for the ongoing clinical trials of IMM2510 (VEGF×PD-L1) and IMM27M (CTLA4 ADCC-enhanced mAb), as well as the clinical development of IMM40H (CD70 mAb). With regard to IMM2510, we have commenced a Phase I trial in China, and expect to complete this trial in mid-2023. With regard to IMM27M, we have initiated a Phase I trial in China and expect to complete this trial in mid-2023. For IMM40H, we have obtained IND approvals from the NMPA and the FDA in August 2022, and may initiate Phase I clinical studies or pursue potential collaboration opportunities. For more details on the clinical development plans of these drug candidates, please see "Business — Our Drug Candidates;"

(e) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for construction of our new manufacturing facility in Zhangjiang Science City, Shanghai. We expect to complete the first stage of construction by 2025. For more details, please see "Business — Our Platform — CMC and Pilot Manufacturing;"

(f) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for our continuous preclinical research and development of multiple discovery-stage assets, as well as CMC to support the clinical trials including pivotal trials for various assets; and

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

If the **[REDACTED]** is exercised in full, the **[REDACTED]** of the **[REDACTED]** would increase to approximately HK$**[REDACTED]** (based on the mid-point **[REDACTED]** of HK$**[REDACTED]** per H Share). We intend to apply the additional **[REDACTED]** to the above uses in the proportions stated above.

The allocation of the **[REDACTED]** used for the above will be adjusted in the event that the **[REDACTED]** is fixed at a higher or lower level compared to the mid-point of the estimated **[REDACTED]** range. If the **[REDACTED]** is fixed at HK$**[REDACTED]** per H Share, being the high end of the stated **[REDACTED]** range, our **[REDACTED]** will (i) assuming the **[REDACTED]** is not exercised, be increased by approximately HK$**[REDACTED]**, or (ii) assuming the **[REDACTED]** is exercised in full, be increased by approximately HK$**[REDACTED]**. In such circumstances, we currently intend to use such **[REDACTED]** to increase the **[REDACTED]** applied for the same purposes as set out above on a pro rata basis. If the **[REDACTED]** is fixed at HK$**[REDACTED]** per H Share, being the low end of the stated **[REDACTED]** range, our **[REDACTED]** will (i) assuming the **[REDACTED]** is not exercised, be decreased by approximately HK$**[REDACTED]**, or (ii) assuming the **[REDACTED]** is exercised in full, be decreased by approximately HK$**[REDACTED]**. In such circumstances, we currently intend to reduce the **[REDACTED]** applied for the same purposes as set out above on a pro rata basis.

FUTURE PLANS AND USE OF [REDACTED]

To the extent that our **[REDACTED]** are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, out-licensing deals, bank loans and other borrowings.

To the extent that the **[REDACTED]** from the **[REDACTED]** are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, so long as it is deemed to be in the best interests of our Company, they will only be placed in short-term demand deposits with licensed banks and/or authorized institutions in Hong Kong (as defined under the Securities and Futures Ordinance) or China (as defined under the applicable laws in China).

We will issue an appropriate announcement if there is any material change to the above proposed use of **[REDACTED]**.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

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HOW TO APPLY FOR [REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

The following is the text of a report set out on pages I-1 to I-[61], received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF IMMUNEONCO BIOPHARMACEUTICALS (SHANGHAI) INC., MORGAN STANLEY ASIA LIMITED AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of ImmuneOnco Biopharmaceuticals (Shanghai) Inc. ("宜明昂科生物醫藥技術(上海)股份有限公司") (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-[3] to I-[61], which comprises the consolidated statements of financial position of the Group as at December 31, 2021 and 2022, the statements of financial position of the Company as at December 31, 2021 and 2022, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the two years ended December 31, 2022 (the "**Track Record Period**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-[3] to I-[61] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated **[REDACTED]** (the "**Document**") in connection with the **[REDACTED]** of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's and the Company's financial position as at December 31, 2021 and 2022, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[3] have been made.

Dividends

We refer to Note 15 to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[REDACTED]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with the International Financial Reporting Standards ("**IFRSs**") issued by International Accounting Standards Board ("**IASB**") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,	
	NOTES	**2021**	**2022**
		RMB'000	*RMB'000*
Revenue	*6*	5,067	538
Other income	*8*	10,381	14,657
Other gains and losses, net	*9*	(518,347)	(29,436)
Research and development expenses		(175,954)	(277,346)
Administrative expenses		(48,319)	(92,796)
[REDACTED]		**[REDACTED]**	**[REDACTED]**
Finance costs	*10*	(891)	(787)
Loss before tax	*11*	(732,949)	(402,894)
Income tax expense	*12*	—	—
Loss for the year		(732,949)	(402,894)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		10	61
Total comprehensive expenses for the year		(732,939)	(402,833)
Loss per share			
— Basic and diluted *(RMB yuan)*	*14*	(8.50)	(1.21)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	As at December 31, 2021	As at December 31, 2022
		RMB'000	*RMB'000*
Non-current assets			
Property and equipment	*16*	52,026	69,830
Right-of-use assets	*17*	102,095	94,062
Other non-current assets	*19*	34,616	24,215
		188,737	188,107
Current assets			
Trade receivables	*20*	34	66
Prepayments and other receivables	*21*	27,528	16,593
Pledged bank deposits	*23*	8,210	—
Bank balances and cash	*23*	668,326	635,212
		704,098	651,871
Current liabilities			
Trade and other payables	*24*	41,151	46,138
Lease liabilities	*25*	5,096	5,599
Financial liabilities at fair value through profit or loss ("**FVTPL**")	*26*	2,431,584	—
		2,477,831	51,737
Net current (liabilities) assets		(1,773,733)	600,134
Total assets less current liabilities		(1,584,996)	788,241
Non-current liabilities			
Lease liabilities	*25*	13,443	9,020
Net (liabilities) assets		(1,598,439)	779,221
Capital and reserves			
Paid-in capital	*27*	6,908	—
Share capital	*27*	—	356,093
Reserves		(1,605,347)	423,128
Total (deficits) equity		(1,598,439)	779,221

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	NOTES	As at December 31, 2021	As at December 31, 2022
		RMB'000	RMB'000
Non-current assets			
Property and equipment	*16*	52,026	69,830
Right-of-use assets	*17*	102,095	94,062
Investments in subsidiaries	*18*	135	135
Other non-current assets	*19*	34,616	24,215
		188,872	188,242
Current assets			
Trade receivables	*20*	34	66
Prepayments and other receivables	*21*	27,507	16,561
Amounts due from subsidiaries	*22*	10	1,958
Pledged bank deposits	*23*	8,210	—
Bank balances and cash	*23*	668,208	633,403
		703,969	651,988
Current liabilities			
Trade and other payables	*24*	40,774	43,672
Amount due to a subsidiary	*22*	270	—
Lease liabilities	*25*	5,096	5,599
Financial liabilities at FVTPL	*26*	2,431,584	—
		2,477,724	51,271
Net current (liabilities) assets		(1,773,755)	600,717
Total assets less current liabilities		(1,584,883)	788,959
Non-current liabilities			
Lease liabilities	*25*	13,443	9,020
Net (liabilities) assets		(1,598,326)	779,939
Capital and reserves			
Paid-in capital	*27*	6,908	—
Share capital	*27*	—	356,093
Reserves	*28*	(1,605,234)	423,846
Total (deficits) equity		(1,598,326)	779,939

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital	Share capital	Share premium	Capital reserve	Other reserve	Share-based payments reserve	Translation reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2021	5,542	—	—	395,971	(399,513)	3,123	(3)	(904,637)	(899,517)
Loss for the year	—	—	—	—	—	—	—	(732,949)	(732,949)
Other comprehensive income for the year	—	—	—	—	—	—	10	—	10
Total comprehensive income (expense) for the year	—	—	—	—	—	—	10	(732,949)	(732,939)
Issue of Series B+ shares *(Note 26)*	806	—	—	426,993	—	—	—	—	427,799
Issue of Series C shares — first tranche *(Note 26)*	560	—	—	372,616	—	—	—	—	373,176
Recognition of liabilities on Series B+ and C shares *(Note 26)*	—	—	—	—	(800,975)	—	—	—	(800,975)
Recognition of equity- settled share-based payments *(Note 29)*	—	—	—	—	—	34,017	—	—	34,017
As at December 31, 2021	6,908	—	—	1,195,580	(1,200,488)	37,140	7	(1,637,586)	(1,598,439)
Loss for the year	—	—	—	—	—	—	—	(402,894)	(402,894)
Other comprehensive income for the year	—	—	—	—	—	—	61	—	61
Total comprehensive income (expense) for the year	—	—	—	—	—	—	61	(402,894)	(402,833)
Issue of remaining Series C shares *(Note 26)*	276	—	—	183,320	—	—	—	—	183,596
Recognition of liabilities on Series C shares *(Note 26)*	—	—	—	—	(183,596)	—	—	—	(183,596)
Issue of paid-in capital to employee stock ownership platforms	730	—	—	5,244	—	—	—	—	5,974
Reclassification of financial liabilities at FVTPL as equity *(Note 26)*	—	—	—	—	2,670,690	—	—	—	2,670,690
Conversion into a joint stock company *(Note 27)*	(7,914)	356,093	654,470	(1,384,144)	(1,286,606)	(41,493)	—	1,709,594	—
Recognition of equity-settled share-based payments *(Note 29)*	—	—	—	—	—	103,829	—	—	103,829
As at December 31, 2022	—	356,093	654,470	—	—	99,476	68	(320,886)	779,221

Note:

Other reserve mainly comprises recognition of financial liabilities at FVTPL on ordinary shares as disclosed in Note 26.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2021	2022
	RMB'000	*RMB'000*
OPERATING ACTIVITIES		
Loss for the year	(732,949)	(402,894)
Adjustments for:		
Gain from changes in fair value of financial assets at FVTPL	(1,598)	—
Loss from changes in fair value of financial liabilities at FVTPL	511,517	55,510
Transaction costs for the issue of Investors' Shares *(defined in Note 26)*	1,714	—
Depreciation of property and equipment	7,774	11,908
Depreciation of right-of-use assets	5,402	5,709
Share-based payment expenses	34,017	103,829
Bank interest income	(1,640)	(9,505)
Finance costs	891	787
Gain on disposal of property and equipment	(555)	—
Gain arising on termination of a lease	(165)	—
Net foreign exchange losses (gains)	9,128	(26,106)
Operating cash flow before movements in working capital	(166,464)	(260,762)
Decrease (increase) in trade receivables	12	(32)
(Increase) decrease in prepayments and other receivables	(18,099)	10,224
(Increase) decrease in other non-current assets	(13,642)	6,981
Increase in trade and other payables	7,652	4,879
NET CASH USED IN OPERATING ACTIVITIES	(190,541)	(238,710)
INVESTING ACTIVITIES		
Bank interest received	1,577	8,580
Proceeds on disposal of property and equipment	575	—
Purchase of property and equipment	(24,282)	(23,224)
Withdrawal of financial assets at FVTPL	352,652	—
Purchase of financial assets at FVTPL	(329,000)	—
Payments for right-of-use assets	(84,553)	—
Payments for deposits for plant construction	(16,418)	—
Payments for rental deposits	(1,063)	(84)
Placement for pledged bank deposits	(8,210)	—
Withdrawal of pledged bank deposits	—	8,210
Withdrawal of deposits for plant construction	—	6,567
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(108,722)	49
FINANCING ACTIVITIES		
Proceeds from issue of Series B+ shares	427,799	—
Proceeds from issue of Series C shares	373,176	183,596
Proceeds from issue of paid-in capital to employee stock ownership platforms	—	5,974
Payments for transaction costs for the issue of Investors' Shares	(1,714)	—
Bank loans raised	10	—
Repayments of bank loans	(10)	—
Repayments of lease liabilities	(4,772)	(5,803)
Issue costs paid	(565)	(3,600)
Interest paid	(891)	(787)
NET CASH FROM FINANCING ACTIVITIES	793,033	179,380

	Year ended December 31,	
	2021	2022
	RMB'000	*RMB'000*
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	493,770	(59,281)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	183,674	668,326
Effect of foreign exchange rate changes	(9,118)	26,167
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	668,326	635,212

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the People's Republic of China (the "**PRC**") on June 18, 2015 as a limited liability company. On June 14, 2022, the Company was converted to a joint stock company with limited liability under the Company Law of the PRC. The respective address of the registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" to the document dated **[REDACTED]** (the "**Document**").

The Group is a science-driven biotechnology group dedicated to the development of next-generation immuno-oncology therapies. Particulars and principal activities of the subsidiaries are disclosed in Note 35.

The Historical Financial Information is presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF THE HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRSs issued by the IASB.

The statutory financial statements of the Company for the year ended December 31, 2021 was prepared in accordance with Accounting Standards for Business Enterprises of the PRC and were audited by 上會會計師事務所(特殊普通合夥)/Shangkuai Certified Public Accountants (LLP)*, CPA registered in the PRC. No statutory financial statements of the Company have been prepared for the year ended December 31, 2022 as the financial statements have not yet been due to issue.

3. ADOPTION OF NEW AND AMENDMENTS TO IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with the IFRSs, amendments to IFRSs and the related interpretations issued by the IASB, which are effective for the accounting period beginning on January 1, 2022 throughout the Track Record Period. The Group has also early adopted amendment to IFRS 16 *Covid-19-Related Rent Concession beyond June 30, 2021* on January 1, 2021. The early adoption has no material impact on the Group's financial position and performance.

New and amendments to IFRSs in issue but not yet effective

At the date of this report, the following new and amendments to IFRSs have been issued which are not yet effective:

IFRS 17 (including the June 2020 and December 2021 Amendment to IFRS 17)	Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1	Non-current Liabilities with Covenants[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]

* *English name for identification purpose only*

Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

[1] Effective for annual periods beginning on or after January 1, 2023.

[2] Effective for annual periods beginning on or after a date to be determined.

[3] Effective for annual periods beginning on or after January 1, 2024

The directors of the Company anticipate that the application of these new and amendments to IFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with the following accounting policies which confirm with IFRSs issued by the IASB. For the purpose of preparation and presentation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis, expect for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The Historical Financial Information incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in subsidiaries

Investments in subsidiaries are included in the statement of financial position of the Company at cost less any identified impairment losses.

Revenue from contracts with customers

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods of services underlying the particular performance obligation is transferred to customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Except for granting of a license that is distinct from other promised goods or services, Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

For granting of a license that is distinct from other promised goods or services, the nature of the Group's promise in granting a license is a promise to provide a right to access the Group's intellectual property if all of the following criteria are met:

- the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the intellectual property to which the customer has rights;

- the rights granted by the license directly expose the customer to any positive or negative effects of the Group's activities; and

- those activities do not result in the transfer of a good or a service to the customer as those activities occur.

If the criteria above are met, the Group accounts for the promise to grant a license as a performance obligation satisfied over time. Otherwise, the Group considers the grant of license as providing the customers the right to use the Group's intellectual property and the performance obligation is satisfied at a point in time at which the license is granted.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9 *Financial Instruments*. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using the expected value method, which better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Notwithstanding the above criteria, the Group shall recognize revenue for a sales-based or usage-based royalty promised in exchange for a license of intellectual property only when (or as) the later of the following events occurs:

- the subsequent sale or usage occurs; and
- the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever: the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before June 30, 2022; and

- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying IFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognized in the profit or loss in the period in which the event occurs.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All borrowing costs are recognized in profit or loss in the period in which there are incurred.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its staff's wages as contributions to the plans. Payments to such retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contributions.

A subsidiary in the United States of America (the "**USA**") adopted a qualified defined contribution plan covering all its eligible employees. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. Employees become eligible to participate in the plan on the first of the calendar month following the date the employee meets the eligibility requirements as defined. As defined by the plan, participants may contribute up to US$19,500 of pretax annual compensation. Participants who reach age 50 may elect to make catch-up contributions US$6,500. The subsidiary contributes matching contribution of 3% of each eligible participant's compensation.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave) after deducting any amount already paid.

Share-based payment

Equity-settled share-based payment transactions

*Restricted shares ("**RS**") granted to employees and others providing similar services*

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For RS that vest immediately at the date of grant, the fair value of the RS granted is expensed immediately to profit or loss.

When the RS are forfeited after the vesting date, the amount previously recognized in share-based payments reserve will be transferred to accumulated losses.

Modification to the terms and conditions of the share-based payment arrangements

When the terms and conditions of an equity-settled share-based payment arrangement are modified, the Group recognizes, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, if the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, the Group takes the modified vesting conditions into consideration over the remaining vesting period.

The incremental fair value granted, if any, is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from modification date until the date when the modified equity instruments are vested, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period.

If the modification occurs after vesting period, the incremental fair value granted is recognized immediately, or over the vesting period if additional period of service is required before the modified equity instruments are vested.

If the modification reduces the total fair value of the share-based arrangement, or is not otherwise beneficial to the employee, the Group continues to account for the original equity instruments granted as if that modification had not occurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before tax" because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Property and equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties, including leasehold improvement, in the course of construction for production, supply or administrative purposes are carried at cost which includes professional fees, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Internally-generated intangible assets-research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally- generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment on property and equipment and right-of-use assets

At the end of each reporting period, the Group reviews the carrying amounts of its property and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

- cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognized in the Historical Financial Information.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the Historical Financial Information in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivable arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers.* Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributed to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortised cost and calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the

credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any interest earned on the financial asset and is included in the "other gains and losses, net" line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit losses ("**ECL**") model on financial assets (including trade receivables and other receivables, bank balances and pledged bank deposits and amounts due from subsidiaries) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after each reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at each reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables, where the corresponding adjustment is recognized through a loss allowance account.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the assets expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity interests is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancelation of the Company's own equity interests.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated as at FVTPL.

A financial liability may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

Financial liabilities at amortised cost

Financial liabilities including trade payables and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognized in profit or loss.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the Historical Financial Information.

Research and development expenses

Development expenses incurred on the Group's drug product pipelines are capitalised and deferred only when the Group could demonstrate (i) the technical feasibility of completing the development of the relevant intangible asset so that it will be available for use or sale; (ii) the Group's intention to complete and the Group's ability to use or sell the asset; (iii) how the asset will generate future economic benefits; (iv) the availability of resources to complete the pipeline; and (v) the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Management assesses the progress of each of the research and development projects and determine whether the criteria are met for capitalisation. During the Track Record Period, all research and development expenses are expensed when incurred.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the coming twelve months, are described below.

Fair value measurement of financial liabilities at FVTPL

The Company issued series of shares to certain investors during the Track Record Period as set out in Note 26. The Group accounted for these financial instruments as financial liabilities at FVTPL. The fair value of these financial instruments is determined using valuation techniques, namely back-solve method and equity allocation model involving various parameters and inputs. Valuation techniques are certified by an independent qualified professional valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. However, it should be noted that some inputs, such as possibilities under different scenarios such as liquidation event which require management estimates. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the financial liabilities at FVTPL. As at December 31, 2021 and 2022, the carrying amounts of financial liabilities at FVTPL were RMB2,431,584,000 and nil, respectively, as disclosed in Note 26.

6. REVENUE

Disaggregation of revenue from contracts with the customers:

	Year ended December 31,	
	2021	2022
	RMB'000	*RMB'000*
Types of goods or services		
Out-licensing fee	4,717	—
Sales of cell strain and other products	275	499
Testing services	75	39
	5,067	538
Geographical market		
The PRC	5,067	538
Timing of revenue recognition		
At a point in time	5,067	538

Out-licensing fee

The Group out-licenses its patented intellectual property ("**IP**") exclusively to a customer to develop and commercialize the IP in China (including Hong Kong, Macau and Taiwan). Out-licensing fee is recognized as revenue at a point of time upon the customer obtains the rights to use the IP.

The consideration for the out-licensing comprises a fixed consideration (the upfront fee) and variable consideration (including but not limited to payments related customer's development milestones and royalties). Upfront fee and variable consideration are recognized as revenue only when the customer has ability to use the IP and variable consideration is recognized only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future.

As at December 31, 2021 and 2022, the Group may receive remaining milestone payments up to an aggregate amount of RMB9,434,000 and RMB9,434,000, respectively (excluding sales-based royalty arrangement in accordance with relevant contracts).

Sales of cell strain and other products

Revenue from sales of cell strain and other products is recognized when the control of the relevant product is obtained by customers. To gain control over a product means to dominate the use of the product and gain almost all economic benefits from it. All sales of products are for a period of less than one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Testing services

The Group earns revenues by providing testing services to its customers through fee-for-service contracts. Contract duration ranges from a few days to weeks. Services revenue are recognized at a point of time upon the customer obtains deliverables of the Group's service. All testing services are for a period of less than one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

7. SEGMENTS INFORMATION

Operating segments are identified on the basis of internal reports about components' of the Group that are regularly reviewed by the chief operating decision maker ("**CODM**"), which is also identified as the chief executive officer of the Group, in order to allocate resources to segments and to assess their performance.

During the Trade Record Period, the CODM reviews the overall results and financial position of the Group as a whole which are prepared based on the same accounting policies as set out in Note 4. Accordingly, the Group has only one single segment and no further analysis of the single segment is presented.

Geographical information

As at December 31, 2021 and 2022, all non-current assets are located in the PRC.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group during the Track Record Period are as follows:

	Year ended December 31,	
	2021	2022
	RMB'000	*RMB'000*
Customer A	4,727	—
Customer B	—	151
Customer C	N/A	150
Customer D	N/A	98

N/A: not disclosed as amounts less than 10% of total revenue

8. OTHER INCOME

	Year ended December 31,	
	2021	2022
	RMB'000	*RMB'000*
Government grants *(Note)*	8,741	5,152
Bank interest income	1,640	9,505
	10,381	14,657

Note:

The amount represents various subsidies received from the PRC local government authorities as incentives mainly for the Group's research and development activities and financing activities.

9. OTHER GAINS AND LOSSES, NET

	Year ended December 31,	
	2021	2022
	RMB'000	*RMB'000*
Loss from changes in fair value of financial liabilities at FVTPL *(Note 26)*	(511,517)	(55,510)
Net foreign exchange (losses) gains	(9,128)	26,106
Gain from changes in fair value of financial assets at FVTPL	1,598	—
Gain on disposal of property and equipment	555	—
Gain arising on termination of a lease	165	—
Others	(20)	(32)
	(518,347)	(29,436)

10. FINANCE COSTS

	Year ended December 31,	
	2021	2022
	RMB'000	*RMB'000*
Interest on lease liabilities	(891)	(787)

11. LOSS BEFORE TAX

	Year ended December 31,	
	2021	2022
	RMB'000	*RMB'000*
Loss before tax for the year has been arrived at after charging:		
Depreciation of property and equipment	7,774	11,908
Depreciation of right-of-use assets	5,754	9,937
Total depreciation	13,528	21,845
Capitalised in construction in progress	(352)	(4,228)
	13,176	17,617
[REDACTED]	**[REDACTED]**	**[REDACTED]**
Directors' and supervisors' emoluments *(Note 13(a))*	20,693	74,139
Other staff costs:		
— salaries and other benefits	13,031	51,700
— discretionary bonus *(Note)*	2,805	4,818
— retirement benefit scheme contributions	2,091	3,951
— share-based payments	19,141	38,505
	57,761	173,113

Note: Discretionary bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

12. INCOME TAX EXPENSE

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries of the Company is 25% during the Track Record Period.

In November 2020, the Company has been accredited as a High and New Technology Enterprise recognized by Science and Technology Commission of Shanghai Municipality and enjoys a preferential tax rate of 15% for a term of three years starting from 2020.

Pursuant to Caishui 2018 circular No. 99, the Company enjoyed super deduction of 175% on qualifying research and development expenditures throughout the Track Record Period.

No provision for taxation in Hong Kong or the United States has been made as the Group's income neither arises in, nor is derived from Hong Kong and the United States.

The income tax expense for the Track Record Period can be reconciled to the loss before tax per the consolidated statements of profit or loss and other comprehensive expenses as follows:

	Year ended December 31,	
	2021	2022
	RMB'000	*RMB'000*
Loss before tax	(732,949)	(402,894)
Tax PRC EIT rate at 25%	(183,237)	(100,723)
Tax effect of expenses that are not deductible for tax purpose	130,453	14,011
Tax effect of super deduction on research and development expenses *(Note)*	(18,576)	(29,448)
Tax effect of tax losses not recognized	61,367	91,291
Tax effect of deductible temporary differences not recognized	12,821	29,145
Utilisation of deductible temporary differences previously not recognized	(2,828)	(4,276)
Income tax expense	—	—

Note:

Pursuant to Caishui 2018 circular No. 99, the Company enjoys super deduction of 175% on qualified research and development expenditures throughout the Track Record Period.

As at December 31, 2021 and 2022, the Group has unused tax losses of RMB490,289,000 and RMB922,710,000, respectively, and deductible temporary differences of RMB54,717,000 and RMB154,194,000, respectively. No deferred tax asset has been recognized in respect of the tax losses or temporary differences due to the unpredictability of future profit streams.

The unused tax losses will be carried forward and expire in years as follows:

	As at December 31,	
	2021	2022
	RMB'000	*RMB'000*
2023	1	1
2024	1	1
2025	398	398
2026	11,590	11,590
2027	22,161	22,163
2028	34,330	34,330
2029	49,233	49,233
2030	127,109	127,109
2031*	245,400	312,658
2032	—	364,498
2033 and later	66	729
	490,289	922,710

* The unused tax losses changed due to tax authority approved super deduction of 175% on additional quantified research and development expenditures in June 2022.

13. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments paid or payable to the individuals who were appointed as directors, supervisors and the chief executive officer of the Company during the Track Record Period are as follows:

(a) Executive and non-executive directors and supervisors

	Date of appointment	Director fees	Salaries and other benefits	Discretionary bonuses	Retirement benefit scheme contributions	Share-based payments	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2021							
Executive director and chief executive officer:							
Dr. TIAN	June 18, 2015	—	2,048	200	57	6,042	8,347
Executive director:							
Mr. LI Song	December 15, 2015	—	416	80	57	99	652
Ms. SONG Ziyi	January 17, 2022	—	363	190	—	5,019	5,572
Non-Executive director:							
Mr. YU Xiaoyong	December 15, 2015	—	—	—	—	—	—
Mr. YU Zhihua	March 30, 2018	—	—	—	—	—	—
Dr. XU Cong	October 14, 2020	—	—	—	—	—	—
Director:							
Dr. HUANG Cheng *(Note v)*	October 14, 2020	—	1,168	211	57	322	1,758
Independent non-executive director:							
Dr. Zhenping Zhu	August 3, 2016	—	—	—	—	—	—
Dr. Kendall A. Smith	June 14, 2022	—	—	—	—	—	—
Mr. YEUNG Chi Tat	June 14, 2022	—	—	—	—	—	—

	Date of appointment	Director fees	Salaries and other benefits	Discretionary bonuses	Retirement benefit scheme contributions	Share-based payments	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Supervisors:							
Mr. GU Jiefeng	March 1, 2016	—	—	—	—	—	—
Ms. TIAN Miao	July 24, 2017	—	184	36	25	1,322	1,567
Ms. GUAN Mei *(Note v)*	October 14, 2020	—	347	70	54	970	1,441
Mr. ZHAO Zimeng	January 17, 2022	—	193	36	25	1,102	1,356
		—	4,719	823	275	14,876	20,693

	Date of appointment	Director fees	Salaries and other benefits	Discretionary bonuses	Retirement benefit scheme contributions	Share-based payments	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2022							
Executive director and chief executive officer:							
Dr. TIAN	June 18, 2015	—	2,374	690	63	52,450	55,577
Executive director:							
Mr. LI Song	December 15, 2015	—	684	100	63	49	896
Ms. SONG Ziyi	January 17, 2022	—	1,429	262	15	10,963	12,669
Non-Executive director:							
Mr. YU Xiaoyong	December 15, 2015	—	—	—	—	—	—
Mr. YU Zhihua	March 30, 2018	—	—	—	—	—	—
Dr. XU Cong	October 14, 2020	—	—	—	—	—	—
Director:							
Dr. HUANG Cheng *(Note v)*	October 14, 2020	—	1,279	—	46	(322)	1,003
Independent non-executive director:							
Dr. Zhenping Zhu	August 3, 2016	—	—	—	—	—	—
Dr. Kendall A. Smith	June 14, 2022	182	—	—	—	—	182
Mr. YEUNG Chi Tat	June 14, 2022	140	—	—	—	—	140
Supervisors:							
Mr. GU Jiefeng	March 1, 2016	—	—	—	—	—	—
Ms. TIAN Miao	July 24, 2017	—	324	47	34	915	1,320
Ms. GUAN Mei *(Note v)*	October 14, 2020	—	540	77	61	507	1,185
Mr. ZHAO Zimeng	January 17, 2022	—	325	46	34	762	1,167
		322	6,955	1,222	316	65,324	74,139

Notes:

(i) None of the directors or supervisors of the Company waived or agreed to waive any emoluments during the Track Record Period.

(ii) During the Track Record Period, no emoluments were paid by the Group to any of the directors or supervisors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

(iii) The executive directors', non-executive directors' and supervisors' emoluments shown above were for their services in connection with the management of the affairs of the Group and the Company, respectively.

(iv) The discretionary bonuses were determined with reference to their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

(v) Dr. Huang Cheng was a director of the Company from October 14, 2020 till January 17, 2022, and he resigned from the Company on September 2022. Ms. GUAN Mei was a supervisor of the Company from October 14, 2020 till January 17, 2022.

(b) Independent non-executive directors

Dr. Zhenping Zhu was appointed as independent non-executive directors of the Company on August 3, 2016. Dr. Kendall A. Smith and Mr. Yeung Chi Tat were appointed as independent non-executive directors of the Company on June 14, 2022.

(c) Five Highest Paid Individuals

The five highest paid individuals of the Group included two and two directors of the Company for the years ended December 31, 2021 and 2022, respectively, details of whose remuneration are set out above. Details of the remuneration for the remaining , three and three highest paid individuals for the years ended December 31, 2021 and 2022, respectively, are as follows:

	Year ended December 31,	
	2021	**2022**
	RMB'000	*RMB'000*
Salaries and other benefits	1,415	5,458
Retirement benefit scheme contributions	142	263
Discretionary bonuses *(Note)*	218	851
Share-based payments	4,696	19,903
	6,471	26,475

Note:

Discretionary bonuses were determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

The emoluments of the five highest paid individuals for the years ended December 31, 2021 and 2022 are within the following bands:

	Year ended December 31,	
	2021	**2022**
	No. of employees	*No. of employees*
Hong Kong Dollars ("**HK$**") 2,500,001 to HK$3,000,000	3	—
HK$6,500,001 to HK$7,000,000	1	—
HK$7,500,001 to HK$8,000,000	—	1
HK$10,000,001 to HK$10,500,000	1	—
HK$10,500,001 to HK$11,000,000	—	1
HK$12,000,001 to HK$12,500,000	—	1
HK$14,500,001 to HK$15,000,000	—	1
HK$64,500,001 to HK$65,000,000	—	1

During the Track Record Period, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

14. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following data:

	Year ended December 31,	
	2021	2022
Loss for the purpose of calculating basic and diluted loss per share:		
Loss for the year attributable to the owners of the Company *(RMB'000)*	(732,949)	(402,894)
Number of shares *('000)*:		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share *(Note i)*	86,183	331,794
Basic and diluted loss per share *(RMB yuan) (Note ii)*	(8.50)	(1.21)

Notes:

(i) Certain investors' shares, which are recorded as Financial Liabilities at FVTPL in Note 26, are not treated as outstanding shares and thus are excluded in the calculation of basic loss per share until the redemption right was legally terminated on January 31, 2022. The Company was converted to a joint stock company on June 14, 2022, 356,092,695 ordinary shares with par value of RMB1 each were issued and allotted to the respective **[REDACTED]** of the Company according to the paid-in capital registered under these shareholders on that day. This **[REDACTED]** of share capital is applied retrospectively for the purpose of calculating basic loss per share, as adjusted for the capital contributions by the then shareholders and the number of ordinary shares.

(ii) Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended December 31, 2021 and the period from January 1, 2022 to January 31, 2022, the Company had certain investors' shares which are potential ordinary shares. As the Group incurred losses for the years ended December 31, 2021 and 2022, the potential ordinary shares were not included in the calculation of diluted loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended December 31, 2021 and 2022 are the same as basic loss per share for the respective years.

15. DIVIDENDS

No dividend was declared or paid by the Company during the Track Record Period.

16. PROPERTY AND EQUIPMENT

The Group and the Company

	Leasehold improvements	Machinery and equipment	Office equipment and fixtures	Vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST						
As at January 1, 2021	9,601	28,101	283	338	—	38,323
Additions	754	11,675	551	7	14,490	27,477
Disposals	(551)	(22)	(63)	—	—	(636)
Transfer	11,266	—	—	—	(11,266)	—
As at December 31, 2021	21,070	39,754	771	345	3,224	65,164
Additions	1,085	8,889	166	—	19,572	29,712
Transfer	336	—	—	—	(336)	—
As at December 31, 2022	22,491	48,643	937	345	22,460	94,876
DEPRECIATION						
As at January 1, 2021	950	4,599	198	233	—	5,980
Provided for the year	3,036	4,625	59	54	—	7,774
Eliminated on disposals	(550)	(12)	(54)	—	—	(616)
As at December 31, 2021	3,436	9,212	203	287	—	13,138
Provided for the year	5,649	6,084	140	35	—	11,908
As at December 31, 2022	9,085	15,296	343	322	—	25,046
CARRYING AMOUNT						
As at December 31, 2021	17,634	30,542	568	58	3,224	52,026
As at December 31, 2022	13,406	33,347	594	23	22,460	69,830

The above items of property and equipment, other than construction in progress, are depreciated on a straight-line basis, after taking into account of the residual value, over the following period:

Leasehold improvements	Over the shorter of the relevant lease terms or 6 years
Machinery and equipment	7 years
Office equipment and fixtures	5 years
Vehicles	6 years

17. RIGHT-OF-USE ASSETS

The Group and the Company

	Leased properties	Land use right	Total
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount			
As at January 1, 2021	8,816	—	8,816
Additions	15,320	84,553	99,873
Termination of lease	(840)	—	(840)
Depreciation charge for the year	(5,402)	(352)	(5,754)
As at December 31, 2021	17,894	84,201	102,095
Additions	1,904	—	1,904
Depreciation charge for the year	(5,709)	(4,228)	(9,937)
As at December 31, 2022	14,089	79,973	94,062

	Year ended December 31,	
	2021	2022
	RMB'000	*RMB'000*
Expenses relating to short-term leases and low-value leases	—	46
Total cash outflow for leases	90,216	6,636

During the Track Record Period, the Group leases various properties for its operations. Lease contracts are entered into for fixed term of 3 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. There were no extension options in the lease contracts. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group's interests in land use right represent prepaid operating lease payments for land located in the PRC and the remaining lease term is 20 years.

As at December 31, 2021 and 2022, the Group's lease liabilities of RMB18,539,000 and RMB14,619,000 are recognized with related right-of-use assets of RMB17,894,000 and RMB14,089,000, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

18. INVESTMENTS IN SUBSIDIARIES

The Company

	As at December 31,	
	2021	2022
	RMB'000	*RMB'000*
Cost of investments	135	135

19. OTHER NON-CURRENT ASSETS

The Group and the Company

	As at December 31,	
	2021	2022
	RMB'000	*RMB'000*
Value-added tax recoverable	19,623	12,496
Deposits for plant construction	9,851	9,851
Prepayments for property and equipment	3,483	—
Rental deposits	1,659	1,868
	34,616	24,215

20. TRADE RECEIVABLES

The following is an aged analysis of trade receivable net of allowance for credit losses presented based on the date of completion of service or delivery of goods at the end of each reporting period:

The Group and the Company

	As at December 31,	
	2021	2022
	RMB'000	*RMB'000*
Within 30 days	21	11
31–60 days	3	6
61–120 days	10	27
121–180 days	—	22
	34	66

The Group normally grants a credit period of 30 days or a particular period agreed with customers effective from the date when the services have been completed or control of goods has been transferred to the customer and billed to the customer.

Details of the assessment on the provision of expected credit losses of trade receivables of the Group and the Company as at December 31, 2021 and 2022 are set out in Note 33.

21. PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at December 31,	
	2021	2022
	RMB'000	*RMB'000*
Other receivables:		
Deposits for plant construction	6,567	—
Deferred issue costs	1,399	6,330
Interest receivables	—	925
Others	21	32
Prepayments for:		
Purchase goods and research and development services	19,420	9,043
Others	121	263
	27,528	16,593

The Company

	As at December 31,	
	2021	2022
	RMB'000	*RMB'000*
Other receivables:		
Deposits for plant construction	6,567	—
Deferred issue costs	1,399	6,330
Interest receivables	—	925
Prepayments for:		
Purchase goods and research and development services	19,420	9,043
Others	121	263
	27,507	16,561

22. AMOUNTS DUE FROM SUBSIDIARIES/AMOUNT DUE TO A SUBSIDIARY

	As at December 31,	
	2021	2022
	RMB'000	*RMB'000*
Amounts due from subsidiaries		
Immuneonco Hong Kong Limited	—	1,199
Macroimmune Inc	—	738
ImmuneOnco Pharmaceutical Biological (Shanghai) Co., Ltd).* 宜明昂科生物藥業(上海)有限公司	—	11
ImmuneTank Biopharmaceuticals (Shanghai) Co., Ltd.* (宜明探科生物醫藥技術(上海)有限公司)	10	10
	10	1,958
Amount due to a subsidiary		
ImmuneOnco Hong Kong Limited	270	—

* *The English name is for identification purpose only.*

The amounts are non-trade related in nature, unsecured, interest free and repayable on demand.

23. BANK BALANCES AND CASH

The Group

	As at December 31,	
	2021	2022
	RMB'000	*RMB'000*
Cash at bank	668,326	635,212
Pledged bank deposits *(Note)*	8,210	—
	676,536	635,212

The carrying amounts of the Group's bank balances and cash denominated in currencies other than functional currencies of the relevant group entities at the end of each reporting period are as follows:

	As at December 31,	
	2021	2022
	RMB'000	*RMB'000*
US$	211,687	207,784
HK$	—	35

The Company

	As at December 31,	
	2021	2022
	RMB'000	*RMB'000*
Cash at bank	668,208	633,403
Pledged bank deposits *(Note)*	8,210	—
	676,418	633,403

Note: Pledged bank deposits represented the bidding deposits to get a guarantee letter issued by the bank for acquisition of a land use right, as disclosed in Note 17. The pledged deposits were released to the Group in May 2022.

Bank balances and cash denominated in currencies other than functional currency of the Company at the end of each reporting period are as follows:

	As at December 31,	
	2021	2022
	RMB'000	*RMB'000*
US$	211,575	206,026

Bank balances held by the Group and the Company carry interests at market rates ranging from 0.01% to 1.35% and 0.01% to 4.74% as at December 31, 2021 and 2022, respectively.

24. TRADE AND OTHER PAYABLES

The Group

	As at December 31,	
	2021	2022
	RMB'000	*RMB'000*
Trade payables for research and development expenses	1,764	1,262
Accrued research and development expenses	17,102	16,199
Accrued staff costs and benefits	7,066	12,709
Accrued **[REDACTED]** costs	**[REDACTED]**	**[REDACTED]**
[REDACTED]	**[REDACTED]**	**[REDACTED]**
Payables for property and equipment	6,928	5,705
Other tax payables	2,955	612
Others	1,543	237
	41,151	46,138

The Company

	As at December 31,	
	2021	2022
	RMB'000	*RMB'000*
Trade payables for research and development expenses	1,764	1,262
Accrued research and development expenses	17,102	16,199
Accrued staff costs and benefits	6,707	12,243
Accrued **[REDACTED]** costs	**[REDACTED]**	**[REDACTED]**
[REDACTED]	**[REDACTED]**	**[REDACTED]**
Payables for property and equipment	6,928	5,705
Other tax payables	2,937	612
Others	1,543	237
	40,774	45,672

The average credit period on purchases of goods/services of the Group is 45 days.

The following is an aged analysis of trade payables presented based on the invoice dates at the end of each reporting period:

	As at December 31,	
	2021	2022
	RMB'000	*RMB'000*
0–30 days	1,764	713
31–90 days	—	481
91–180 days	—	68
	1,764	1,262

25. LEASE LIABILITIES

The Group and the Company

	As at December 31,	
	2021	2022
	RMB'000	*RMB'000*
Lease liabilities payable:		
Within one year	5,096	5,599
Within a period of more than one year but not exceeding two years	5,997	3,392
Within a period of more than two years but not exceeding five years	6,939	5,261
More than five years	507	367
	18,539	14,619
Less: Amount due for settlement within 12 months shown as current liabilities	(5,096)	(5,599)
Amount due for settlement after 12 months shown as non-current liabilities	13,443	9,020

The weighted average incremental borrowing rates applied to the lease liabilities is 4.75% per annum for the Track Record Period.

26. FINANCIAL LIABILITIES AT FVTPL

In December 2015 and March 2016, the Company entered into investment agreements with several independent investors, pursuant to which the investors made a total investment of RMB30,000,000 in the Company as consideration for subscription of the Company's paid-in capital of RMB1,448,000 ("**Series Pre-A Shares**"). The Company had received all investment funds for Series Pre-A Shares by February 2017.

In November 2017 and March 2018, the Company entered into investment agreements with several independent investors, pursuant to which the investors made a total investment of RMB90,000,000 in the Company as consideration for subscription of the Company's paid-in capital of RMB950,000 ("**Series A Shares**"). The Company had received all investment funds for Series A Shares by April 2018.

In November 2019, the Company entered into an investment agreement with several independent investors, pursuant to which the investors made a total investment of RMB40,000,000 in the Company as consideration for subscription of the Company's paid-in capital of RMB220,000 ("**Series Pre-B Shares**"). The Company had received all investment funds for Series Pre-B Shares by January 2020.

In June and August 2020, the Company entered into investment agreements with several independent investors, pursuant to which the investors made a total investment of RMB239,513,000 in the Company as consideration for subscription of the Company's paid-in capital of RMB924,000 in total ("**Series B Shares**"). The Company had received all investment funds for Series B Shares by November 2020.

In February 2021, the Company entered into an investment agreement with several independent investors, pursuant to which the investors made a total investment of US$65,467,000 (equivalent to RMB427,799,000) in the Company as consideration for subscription of the Company's paid-in capital of RMB806,000 in total ("**Series B+ Shares**"). The Company had received all investment funds for Series B+ Shares by April 2021.

In December 2021, the Company entered into an investment agreement with several independent investors, pursuant to which the investors made a total investment of US$87,500,000 (equivalent to RMB556,772,000) in the Company as consideration for subscription of the Company's paid-in capital of RMB835,000 in total ("**Series C Shares**"). The Company had received investment funds of US$58,600,000 (equivalent to RMB373,176,000) for part of the Series C Shares by December 31, 2021, representing paid-in capital of RMB560,000, and the remaining US$28,900,000 (equivalent to RMB183,596,000), representing paid-in capital of RMB276,000, was received subsequently in January 2022.

On January 31, 2022, the liquidation preferences, redemption and anti-dilution feature attached to the Series Pre-A, Series A, Series Pre-B, Series B, Series B+ and Series C Shares (together as "**Investors' Shares**") were terminated. Financial liabilities at FVTPL were then derecognized and credited to equity.

The key terms of Investors' Shares prior to the termination of the liquidation preferences, redemption and anti-dilution feature are summarized as follows:

Voting rights

All shareholders, including the holders of ordinary shares and holders of Investors' Shares, are entitled to vote together as a single class on a pro-rata basis.

Dividend rights

The Group's capital reserve, surplus reserve and undistributed reserve (if any) are shared by all shareholders in proportion to their shareholding.

No dividend or distribution, whether in cash, in property, or in any other shares of the Group, shall be declared, paid, set aside or made with respect to the ordinary shares at any time unless a dividend or distribution in like amount is likewise declared, paid, set aside or made at the same time with respect to each issued and outstanding payable of Investors' Shares in cash when, as and if declared by the Group.

Liquidation preferences

In the event of any liquidation including deemed liquidation, dissolution or winding up of the Group, whether voluntary or involuntary (the "**Liquidation Event**"), the holders of Investors' Shares shall be entitled to receive the amount equal to 100% original investment amount limited by the Group's net assets and all proceeds derived from the Liquidation Event shall be distributed in the following order:(1) Series C Shares; (2) Series B+ Shares; (3) Series B Shares; (4) Series Pre-B Shares; (5) Series A Shares; (6) Series Pre-A Shares. The investors shall be entitled to receive the amount equal to the higher of (i) the original investment amount plus accumulated dividends or declared but undistributed dividends; and (ii) the net assets of the Group corresponding to its shareholding ratio, and limited by the Group's net assets.

In a sale event (as defined below), all consideration received by the Group or its shareholders as a result of the sale event shall also be distributed in accordance with the above scheme.

Sale event refers to an equity sale event or asset sale event. Equity sale event means a merger, acquisition or other similar transaction of the Group resulting in a change in control of the Group such that the shareholders prior to the occurrence of such event have less than 50% of their shares or voting rights in the surviving entity after the occurrence of such event. Asset sale event means that all or substantially all of the Group's assets are sold, transferred, leased or disposed of, or all or substantially all of the Group's intellectual property rights are exclusively licensed, sold or transferred to a third party.

Anti-dilution rights

If the Company increases its paid-in capital at a price lower than the price paid by the investors of Investors' Shares on a per paid-in capital basis, the investors have a right to require the Company to issue more paid-in capital for nil consideration (or any other minimum price permitted by law) to the investors or the Company and the founder shall compensate the investors in cash, so that:

(i) For Series Pre-A, Series A, Series Pre-B and Series B investors, the total amount paid by the investors divided by the total amount of paid-in capital obtained is equal to the price per paid-in capital in the new issuance.

(ii) For Series B+ and Series C investors, adjusted in a weighted average manner, that is, the price per share invested in the Company by Series B+ and Series C investors will be equal to the new price per share calculated according to a pre-determined formula. The new price was calculation based on the price per paid-in capital, taking into account the re-designation of certain Series Pre-A, Series Pre-B and Series B Share into Series B+ and Series C shares in Series B+ and Series C financing.

Redemption rights

Certain investors of Series B Shares, investors of Series B+ and Series C Shares shall be redeemed by the Company, at the option of the investors, upon the occurrence of certain contingent events, including: (i) major violations of laws and regulations by the Group or ordinary shareholders of the Company, or major violations of transaction documents by the Group or ordinary shareholders of the Company, and failure to remedy such acts within 90 days from the date of receiving written notice from investors, or (ii) the Group or the founding shareholder repurchases the equity of other shareholders, except that the founding shareholders purchase the Company's equity held by any investor with assets beyond the limit of the redemption obligations or the Company repurchases the Company's equity according to the employee stock ownership plan approved by the board of directors. The repurchase price is the original investment from the investors plus a yield at 10% per annum. The redemption amount shall be distributed in the following order: (1) Series C Shares investors; (2) Series B+ Shares investors; (3) certain Series B Shares investors.

Presentation and classification

As at December 31, 2021, the Company recognized the Investors' Shares issued to investors as financial liabilities at FVTPL and classified as current liabilities, because not all triggering payment events mentioned in the key terms above were within the control of the Company and these financial instruments did not meet the definition of equity for the Company. Financial liabilities are measured at fair value and any changes in the fair value of the financial liabilities were recorded in "loss on changes in fair value of financial liabilities at FVTPL" in the consolidated statement of profit or loss and other comprehensive income. The directors of the Company considered that the changes in the fair value of the Investors' Shares attributable to the change in credit risk of the Group is minimal.

The Company used back-solve method to determine the underlying share value of the Company and performed an equity allocation based on a Binomial Option Pricing Model ("**OPM**") to arrive the fair value of the Investors' Shares as of the dates of issuance and at the end of each reporting period with reference to valuation reports carried out by AVISTA Valuation Advisory Limited ("**AVISTA**"), an independent qualified valuer. The address of AVISTA is Unit C, 23/F, Phase II, Sino-Ocean Tower, No. 618 East Yan An Road, Huangpu District, Shanghai, PRC.

In addition to the underlying share value of the Company determined by back-solve method, other key valuation assumptions used in OPM to determine the fair value are as follows:

	As at December 31, 2021
Time to liquidation	0.67 years
Time to redemption	0.67 years
Time to occurrence of sale event	0.67 years
Time to conversion to joint stock company	0.67 years
Risk-free interest	2.26%
Possibilities under liquidation scenario	5%
Possibilities under redemption scenario	5%
Possibilities under occurrence of sale event scenario	40%
Possibilities under conversion scenario	50%
Volatility	42.36%

The directors of the Company estimated the risk-free interest rate based on the yield of the United States Treasury Bonds with a maturity life of the ordinary shares with redemption obligations and close to period from the respective valuation dates to the expected liquidation dates. Volatility was estimated on each valuation date based on average of historical volatilities of the comparable companies in the same industry for a period from the respective valuation dates to expected liquidation dates.

The movements of the financial liabilities at FVTPL are set out below:

	Series Pre-A	Series A	Series Pre-B	Series B	Series B+	Series C	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2021	305,280	337,077	85,159	391,576	—	—	1,119,092
Re-designation of Series Pre-A Shares to Series B+ Shares *(Note i)*	(27,301)	—	—	—	27,301	—	—
Re-designation of Series B Shares to Series B+ Shares *(Note ii)*	—	—	—	(25,461)	25,461	—	—
Re-designation of Series Pre-B Shares to Series B+ and Series C Shares *(Note iii)*	—	—	(33,314)	—	9,263	24,051	—
Recognition of liabilities on Series B+ Shares *(Note iv)*	—	—	—	—	427,799	—	427,799
Recognition of liabilities on Series C Shares *(Note iv)*	—	—	—	—	—	373,176	373,176
Changes in fair value *(Note v)*	115,534	118,670	23,021	62,455	180,590	11,247	511,517
As at December 31, 2021	393,513	455,747	74,866	428,570	670,414	408,474	2,431,584
Recognition of liabilities on Series C Shares *(Note iv)*	—	—	—	—	—	183,596	183,596
Changes in fair value *(Note v)*	19,393	18,725	2,454	9,559	5,457	(78)	55,510
Reclassification of financial liabilities at FVTPL as equity *(Note vi)*	(412,906)	(474,472)	(77,320)	(438,129)	(675,871)	(591,992)	(2,670,690)
As at December 31, 2022	—	—	—	—	—	—	—

Notes:

(i) In April 2021, the Series Pre-A investors entered into share transfer agreements with Series B+ investors, according to which Series Pre-A Shares with carrying amount of RMB27,301,000 were transferred to Series B+ investors and re-designated as Series B+ Shares.

(ii) In April 2021, the Series B Investors entered into share transfer agreements with Series B+ investors, according to which Series B Shares with carrying amount of RMB25,461,000 were transferred to Series B+ investors and re-designated as Series B+ Shares.

(iii) In April and December 2021, the Series Pre-B investors entered into share transfer agreements with Series B+ and Series C investors, respectively, according to which Series Pre-B Shares with carrying amount of RMB9,263,000 were transferred to Series B+ investors and re-designated as Series B+ Shares, and Series Pre-B Shares with carrying amount of RMB24,051,000 were transferred to Series C investors and re-designated as Series C Shares.

(iv) Recognizing liabilities on these shares debited equity of the Group, as presented in the consolidated statements of changes in equity.

(v) Exchange gains and losses are included in changes in fair value.

(vi) On January 31, 2022, the liquidation preferences, redemption and anti-dilution feature attached to the Series Pre-A, Series A, Series Pre-B, Series B, Series B+ and Series C Shares were terminated. Financial liabilities at FVTPL was then derecognized and credited to equity.

27. SHARE CAPITAL AND PAID-IN CAPITAL

As disclosed in Note 1, the Company converted into a joint stock company on June 14, 2022, the balance as at January 1, 2021 and December 31, 2022 represented the paid-in capital of the Company prior to the conversion of the Company. Share capital as at December 31, 2022 represented the issued share capital of the Company.

Paid-in capital

	Paid-in capital
	RMB'000
Issued and paid	
As at January 1, 2021	5,542
Issue of Series B+ Shares *(Note i)*	806
Issue of Series C Shares *(Note ii)*	560
As at December 31, 2021	6,908
Issue of Series C Shares *(Note ii)*	276
Issue of paid-in capital to share incentive platforms *(Note iii)*	730
Conversion into a joint stock company *(Note iv)*	(7,914)
As at December 31, 2022	—

Share capital

	Number of shares	Nominal value of shares
		RMB'000
Ordinary shares of RMB1 each		
Authorized and issued		
As at January 1, 2021 and December 31, 2021	—	—
Issue of ordinary shares upon conversion into a joint stock company *(Note iv)*	356,092,695	356,093
As at December 31, 2022	356,092,695	356,093

Notes:

(i) In April 2021, the Company completed Series B+ financing with RMB427,799,000 invested into the Company, among which RMB806,000 was credited to the Company's paid-in capital and the remaining balance was credited as capital reserve.

(ii) In December 2021, the Company completed Series C financing, with the first tranche of RMB373,176,000 invested into the Company, among which RMB560,000 was credited to the Company's paid-in capital and the remaining balance was credited as capital reserve. In January 2022, the remaining of Series C financing of RMB183,596,000 was invested into the Company, among which RMB276,000 was credited to the Company's paid-in capital and the remaining balance was credited as capital reserve.

(iii) In January 2022, Jiaxing Changyu and Halo Investment II (the Company's employee shareholding platforms disclosed in note 29) subscribed for the Company's registered capital of RMB330,000 and RMB400,000, respectively.

(iv) On June 14, 2022, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. A portion of the Company's net assets as of January 31, 2022 was converted into 356,092,695 shares with a nominal value of RMB1.00 each. The excess of net assets converted over nominal value of the ordinary shares was credited to the Company's share premium.

28. RESERVES OF THE COMPANY

	Share premium	Capital reserve	Other reserve	Share-based payment reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2021	—	395,971	(399,513)	3,123	(904,585)	(905,004)
Loss and total comprehensive expenses for the year	—	—	—	—	(732,881)	(732,881)
Issue of Series B+ Shares *(Note 26)*	—	426,993	—	—	—	426,993
Issue of Series C Shares — first tranche *(Note 26)*	—	372,616	—	—	—	372,616
Recognition of liabilities on Series B+ and C Shares *(Note 26)*	—	—	(800,975)	—	—	(800,975)
Recognition of equity-settled share-based payments *(Note 29)*	—	—	—	34,017	—	34,017
As at December 31, 2021	—	1,195,580	(1,200,488)	37,140	(1,637,466)	(1,605,234)
Loss and total comprehensive expenses for the year	—	—	—	—	(402,228)	(402,228)
Issue of remaining Series C shares	—	183,320	—	—	—	183,320
Recognition of liabilities on Series C shares *(Note 26)*	—	—	(183,596)	—	—	(183,596)
Issue of paid-in capital to employee stock ownership platforms	—	5,244	—	—	—	5,244
Reclassification of financial liabilities at FVTPL as equity *(Note 26)*	—	—	2,670,690	—	—	2,670,690
Conversion into a joint stock company	654,470	(1,384,144)	(1,286,606)	(41,493)	1,709,594	(348,179)
Recognition of equity-settled share-based payments *(Note 29)*	—	—	—	103,829	—	103,829
As at December 31, 2022	654,470	—	—	99,476	(330,100)	423,846

29. SHARE-BASED PAYMENT TRANSACTIONS

Restricted shares scheme

In recognition of the contributions of certain eligible employees, directors and consultants, the founder of the Company established an employee stock ownership platform, namely Jiaxing Changxian Enterprise Management Center ("**Jiaxing Changxian**") in April 2016, to hold the Company's paid-in capital of RMB345,000, which was transferred from the founder, to implement restricted shares ("**RS**") scheme ("**Jiaxing Changxian RS Scheme**"). Under the Jiaxing Changxian RS Scheme, eligible employees, directors and consultants shall subscribe for partnership interest of Jiaxing Changxian at a consideration price ranges from RMB1 to RMB8.08 for RMB1 registered capital and indirectly hold the incentive shares of the Company.

Details of the restricted shares issued under the Jiaxing Changxian RS Scheme are as follows:

Grant date	Amount of registered capital	Grantee	Vesting schedule defined in contract term	Sell back rights/Repurchase rights
	RMB'000			
December 17, 2015 . . .	69	A director	100% on grant date	*Note i*
September 19, 2016 . . .	34	A director	50% on grant date; 25% one year after grant date; 25% two years after grant date	N/A
July 4, 2017 (cancelled in September 2021) . .	17	A consultant	20% on the grant date; 80% upon the achievement of certain performance conditions	N/A
February 3, 2020.	34	An employee	50% on the grant date; 50% five years after grant date, and the latter 50% with the achievement of certain performance conditions	*Note i*
January 31, 2021.	108	Employees	40% one year after grant date; 30% two year after grant date; 30% three year after grant date With the achievement of certain performance conditions	*Note i*

In March 2021, the founder of the Company established an employee stock ownership platform, namely Jiaxing Changyu Enterprise Management Center ("**Jiaxing Changyu**"), to hold the Company's paid-in capital of RMB330,000, to implement RS scheme ("**Jiaxing Changyu RS Scheme**").

Under the Jiaxing Changyu RS Scheme, eligible employees and directors shall subscribe for partnership interest of Jiaxing Changyu at a consideration of RMB8.21 for RMB1 registered capital and indirectly hold the incentive shares of the Company.

Details of the restricted shares issued under the Jiaxing Changyu RS Scheme are as follows:

Grant date	Amount of registered capital	Grantee	Vesting schedule defined in contract term	Sell back rights/Repurchase rights
	RMB'000			
June 29, 2021	174	Directors, employees	25% 22 months after grant date; 25% 34 months after grant date; 25% 46 months after grant date; 25% 58 months after grant date; With the achievement of certain performance conditions	*Note ii*
April 29, 2022	155	Directors, employees	25% 12 months after grant date;	*Note ii*
September 8, 2022. . . .	8	A director	25% 24 months after grant date;	
September 28, 2022 . . .	6	A director	25% 36 months after grant date;	
December 31, 2022 . . .	1	A director	25% 48 months after grant date; With the achievement of certain performance conditions	

Notes:

(i) Before the date of **[REDACTED]** ("**[REDACTED]**"), grantees, during their tenure, have a right to discuss with the executive partner of the platform or a third party designated by the executive partner to sell the RSs of not more than 30% of the vested shares at a price referring to the most recent post-investment valuation of the Company. If the grantees terminate the labor relationship with the Company, the executive partner of Jiaxing Changxian has the right to buy back the vested RSs from the grantees at original consideration plus interest at market rate of similar period or decide that the grantees to keep the RSs.

(ii) Before the date of **[REDACTED]**, grantees, during their tenure, have right to discuss with the executive partner of the platform or a third party designated by the executive partner to sell the RSs of not more than 30% of the vested shares at a price referring to the most recent post-investment valuation of the Company. If the grantees terminate the labor relationship with the Company, the executive partner of Jiaxing Changyu has the right to buy back the vested RSs from the grantees at original consideration plus interest at 5% of similar period or decide that the grantees keep to keep the RSs.

In October 2021, the founder of the Company established an employee stock ownership platform, namely Halo Biomedical Investment II Limited ("**Halo Investment II**"), to hold the Company's paid-in capital of RMB400,000. Such employees and directors shall subscribe for partnership interest of Halo Investment II at a consideration of RMB8.21 for RMB1 registered capital and indirectly hold the incentive shares of the Company pursuant to their individual employment arrangements with the Group.

Details of the restricted shares issued through Halo Investment II are as follows:

Grant date	Amount of registered capital	Grantee	Vesting schedule defined in contract term	Sell back rights/Repurchase rights
	RMB'000			
June 29, 2021.	67	A consultant *(note)*	50% upon the successful of **[REDACTED]**; 12.5% 19 months after grant date; 12.5% 31 months after grant date; 12.5% 43 months after grant date; 12.5% 55 months after grant date	N/A
June 20, 2021	26	Consultants	25% 19 months after grant date; 25% 31 months after grant date; 25% 43 months after grant date; 25% 55 months after grant date	N/A
July 26, 2021.	67	A director	50% upon the successful of **[REDACTED]**; 12.5% 18 months after grant date; 12.5% 30 months after grant date; 12.5% 42 months after grant date; 12.5% 54 months after grant date	N/A
January 14, 2022.	12	A director	50% upon the successful of **[REDACTED]**; 12.5% 12 months after grant date; 12.5% 24 months after grant date; 12.5% 36 months after grant date; 12.5% 48 months after grant date	N/A
January 14, 2022.	229	A director and an employee	25% 12 months after grant date; 25% 24 months after grant date; 25% 36 months after grant date; 25% 48 months after grant date	N/A

Note: These RSs were granted to Dr. Yumei Ding, spouse of Dr. Tian, for her consultation services provided to the Company, which constituted a related party transaction. The expenses recognized for the share-based payment transaction in the years ended December 31, 2021 and 2022 were RMB5,628,000 and RMB6,017,000, respectively.

The following table summarized the movement of the Group's unvested restricted shares:

	Unvested registered capital	Weighted average grant date fair value per registered capital
	'000	*RMB*
Unvested as at January 1, 2021	33	56.18
Granted	442	250.00
Vested	(149)	227.83
Cancelled	(1)	53.40
Unvested as at December 31, 2021	325	240.67
Granted	396	406.39
Vested	(180)	303.36
Unvested as at June 14, 2022, before conversion to a joint stock company *(Note)*	541	340.83

Note:

The Company was converted to a joint stock company on June 14, 2022, 356,092,695 ordinary shares with par value of RMB1 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on that day and following table to reflect the impact of the conversion. One registered share capital before the conversion represented 45 shares of the joint stock company:

	Unvested restricted shares	Weighted average grant date fair value per restricted shares
	'000	*RMB*
Unvested as at June 14, 2022	24,345	7.57
Granted	675	10.15
Vested	(6,750)	7.54
Forfeited	(270)	6.25
Unvested as at December 31, 2022	18,000	7.70

Fair value of RS

The Group used the back-solve method to determine the underlying equity fair value of the Company. The fair value of RS at grant date was determined to be in the range from RMB14.52 to RMB464.85 per RMB1 registered capital, by referring to the equity fair value of the Company and the purchase price of the RS ranged from RMB1 to RMB8.21. The foresaid fair value of RS at date of grant was valued by directors of the Company with reference to valuation reports carried out by AVISTA.

The Group has recognized share-based payment expenses of RMB34,017,000 and RMB103,829,000 for the years ended December 31, 2021 and 2022, respectively.

30. RELATED PARTY TRANSACTIONS

Except for the disclosed consultation services with Dr. Yumei Ding in Note 29, the Group has the following transactions with its related parties during the Track Record Period.

Compensation of key management personnel

The remuneration of members of key management of the Group during the Track Record Period were as follows:

	Year ended December 31,	
	2021	2022
	RMB'000	*RMB'000*
Salaries and other benefits	3,676	11,142
Retirement benefits scheme contribution	170	466
Discretionary bonus *(Note)*	570	2,089
Share-based payment	12,330	84,859
	16,746	98,556

Note: Discretionary bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

31. CAPITAL COMMITMENTS

	As at December 31,	
	2021	2022
	RMB'000	*RMB'000*
Capital expenditure contracted for but not provided in the Historical Financial Information in respect of:		
— acquisition of property and equipment	36,046	5,713

32. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to investors through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debts, which includes lease liabilities disclosed in Note 25 and financial liabilities at FVTPL disclosed in Note 26, net of bank balances and cash disclosed in Note 23 and equity attributable to owners of the Company, comprising paid-in capital, share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendation of the management of the Group, the Group will balance its overall capital structure through the new share issues or issue of new debt.

33. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	As at December 31,	
	2021	2022
	RMB'000	*RMB'000*
Financial assets		
Amortised cost	683,158	636,235
Financial liabilities		
Amortised cost	31,130	32,817
Financial liabilities at FVTPL	2,431,584	—
Lease liabilities	18,539	14,619

The Company

	As at December 31,	
	2021	2022
	RMB'000	*RMB'000*
Financial assets		
Amortised cost	683,029	637,178
Financial liabilities		
Amortised cost	31,400	32,817
Financial liabilities at FVTPL	2,431,584	—
Lease liabilities	18,539	14,619

(b) Financial risk management objectives and policies

The Group's major financial assets and liabilities include trade receivables, other receivables, bank balances and cash and pledge bank deposits, trade and other payables, lease liabilities and financial liabilities at FVTPL. The Company's major financial assets and liabilities include trade receivables, other receivables, amount due from subsidiaries, amount due to a subsidiary, bank balances and cash and pledge bank deposits, trade and other payables, lease liabilities and financial liabilities at FVTPL. Details of these financial assets and liabilities are disclosed in respective notes.

The risks associated with these financial assets and liabilities include market risks, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's and the Company's activities expose it primarily to currency risk, interest rate risk and other price risk. There has been no change in the Group's and the Company's exposure to these risks or the manner in which it manages and measures the risks.

(i) Currency risk

Certain financial assets and liabilities are denominated in foreign currency of respective group entities which are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and liabilities at the end of each reporting period are as follows:

The Group

	As at December 31,	
	2021	**2022**
	RMB'000	*RMB'000*
Assets		
US$	211,709	207,817
Liabilities		
US$	791,014	—

The Company

	As at December 31,	
	2021	**2022**
	RMB'000	*RMB'000*
Assets		
US$	211,575	206,026
Liabilities		
US$	791,014	—

Sensitivity analysis

The following table details the Group's and the Company's sensitivity to a 5% increase and decrease in RMB against US$, the foreign currency with which the Group and the Company may have a material exposure. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rate. A negative/positive number below indicates an increase/decrease in loss where RMB strengthens 5% against US$. For a 5% weakening of RMB against US$, there would be an equal and opposite impact on loss for the year.

	Year ended December 31,	
	2021	**2022**
	RMB'000	*RMB'000*
Impact on profit or loss		
The Group		
US$	28,965	(10,391)
The Company		
US$	28,972	(10,301)

(ii) Interest rate risk

The Group and the Company are primarily exposed to fair value interest rate risk in relation to term deposit (Note 23) and lease liabilities (Note 25) and cash flow interest rate risk in relation to bank balances (Note 23). The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant because the current market interest rates are relatively low and stable.

(iii) Other price risk

The Group and the Company are exposed to other price risk arising from issue of Investors' Shares, which were classified as financial liabilities at FVTPL as at December 31, 2021.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date for financial liabilities at FVTPL.

If the equity value of the Company had been changed based on the 5% higher or lower, the Group's and the Company's post-tax loss for the year ended December 31, 2021 would increase by approximately RMB107,276,000 or decrease by approximately RMB107,877,000.

Credit risk

The carrying amounts of trade receivables, other receivables, amounts due from subsidiaries, bank balances and pledged bank deposits included in the consolidated statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

Trade receivables

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The ECL on trade receivables are assessed individually, based on the past default experience of the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forward-looking information that is available without undue cost or effort at the end of each reporting period. The expected credit loss rate of trade receivables as at December 31, 2021 and 2022 were insignificant. Management considered the ECL provision of trade receivables is insignificant as these balances are mainly due from a counterparty of good credit quality.

Other receivables

For other receivables, the Group has applied 12m ECL in IFRS 9 to measure the loss allowance. The ECL on other receivables are assessed individually based on historical settlement records and past default experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of each reporting period. The expected credit loss rate of other receivables as at December 31, 2021 and 2022 were insignificant. Management considered the ECL provision of other receivables is insignificant.

Amounts due from subsidiaries

For amounts due from subsidiaries, the Group has applied 12m ECL to measure the loss allowance. In assessing the probability of defaults of amounts due from subsidiaries, the management has taken into account the financial position of the counterparties as well as forward looking information that is available without undue cost or effort. The expected credit loss rate of amounts due from subsidiaries as at December 31, 2021 and 2022 were all insignificant. Management considered the ECL provision of amounts due from subsidiaries is insignificant.

Bank balances and pledged bank deposits

The credit risk on bank balances and pledged bank deposits is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk.	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12m ECL
Doubtful.	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's and the Company's financial assets, which are subject to ECL assessment:

				The Group		The Company	
				As at December 31, 2021	As at December 31, 2022	As at December 31, 2021	As at December 31, 2022
	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount	Gross carrying amount	Gross carrying amount	Gross carrying amount
				RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at amortised cost							
Trade receivables	*20*	Low risk	Lifetime ECL-not credit-impaired	34	66	34	66
Other receivables	*21*	Low risk	12m ECL	6,588	957	6,567	925
Amounts due from subsidiaries	*22*	Low risk	12m ECL	—	—	10	2,784
Bank balances and pledged bank deposits	*23*	N/A	12m ECL	676,536	635,212	676,418	633,403

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows. The Group relies on issuance of Investors' Shares and ordinary shares as significant sources of liquidity. The directors of the Company are satisfied that the Group will have sufficient financial resource to meet its financial obligation as they fall due and to sustain its operations for the foreseeable future.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted Average effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
The Group							
As at December 31, 2021							
Trade and other payables	—	31,130	—	—	—	31,130	31,130
Financial liabilities at FVTPL	—	1,200,488	—	—	—	1,200,488	2,431,584
Lease liabilities	4.75	7,005	6,493	7,418	508	21,424	18,539
		1,238,623	6,493	7,418	508	1,253,042	2,481,253
As at December 31, 2022							
Trade and other payables	—	32,817	—	—	—	32,817	32,817
Lease liabilities	4.75	6,803	3,721	5,662	376	16,562	14,619
		39,620	3,721	5,662	376	49,379	47,436

	Weighted Average effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Company							
As at December 31, 2021							
Trade and other payables	—	31,130	—	—	—	31,130	31,130
Amount due to a subsidiary	—	270	—	—	—	270	270
Financial liabilities at FVTPL	—	1,200,488	—	—	—	1,200,488	2,431,584
Lease liabilities	4.75	7,005	6,493	7,418	508	21,424	18,539
		1,238,893	6,493	7,418	508	1,253,312	2,481,523
As at December 31, 2022							
Trade and other payables	—	32,817	—	—	—	32,817	32,817
Lease liabilities	4.75	6,803	3,721	5,662	376	16,562	14,619
		39,620	3,721	5,662	376	49,379	47,436

(c) Fair value measurements of financial instruments

The fair value of financial assets and financial liabilities (except for those set out below) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

(i) Financial assets and liabilities measured at fair values on a recurring basis

The Group's financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of those financial liabilities are determined (in particular, the valuation techniques and inputs used).

	Note	Fair value as at December 31,		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
		2021	2022				
		RMB'000	RMB'000				
The Group and the Company							
Financial liabilities at FVTPL	*26*	2,431,584	—	Level 3	Back-solve Model and OPM Model — the key inputs are: possibilities under different scenarios as disclosed in Note 26, risk free interest rate and volatility	Volatility 2021: 42%	The higher the volatility, the lower the fair value *(Note)*

Note: A 5% increase or decrease in volatility, while all other variables keep constant, would decrease or increase the carrying amount of financial liabilities as at December 31, 2021 by RMB1,428,000 and RMB1,449,000, respectively.

There were no transfers between different levels during the Track Record Period.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value

The directors of the Company consider that the carrying amount of the Group's and the Company's financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

(iii) Reconciliation of Level 3 fair value measurements

Details of reconciliation of Level 3 fair value measurement for Investors' Shares is set out in Note 26. Fair value gains or losses on financial liabilities at FVTPL are included in "other gains and loss, net".

(iv) Fair value measurement and valuation process

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation or uses quoted forward exchange rates derived from quoted exchange rates matching maturities of the contracts at the end of each reporting period. The finance department of the Company works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

34. RETIREMENT BENEFIT PLANS

The employees of the Group's subsidiaries in the PRC are members of the state-sponsored retirement benefit scheme organized by the relevant local government authority in the PRC. The subsidiary is required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The total amount provided by the Group to the scheme in the PRC and charged to profit or loss are RMB2,349,000 and RMB3,972,000 for the years ended December 31, 2021 and 2022, respectively.

35. PARTICULARS OF SUBSIDIARIES

During the Track Record Period and as at the date of this report, the Company has direct equity interests in the following subsidiaries:

Name of subsidiaries	Place/country and date of establishment/ incorporation	Issued and fully paidin/registered capital	Equity interest attributable to the Company			Principal activities
			As at December 31,		As at the date of this report	
			2021	2022		
Macroimmune Inc. *(Note i)*. .	USA/ January 6, 2014	US$20,000	100%	100%	100%	Research, development and commercialization of innovative therapies
宜明探科生物醫藥技術(上海)有限公司 (ImmuneTank Biopharmaceuticals (Shanghai) Co., Ltd). * *(Note ii)*	The PRC/ February 5, 2018	—	100%	100%	100%	Research, development and commercialization of innovative therapies

Name of subsidiaries	Place/country and date of establishment/ incorporation	Issued and fully paidin/registered capital	Equity interest attributable to the Company			Principal activities
			As at December 31,		As at the date of this report	
			2021	2022		
ImmuneOnco Hong Kong Limited *(Note iii)*	Hong Kong/ September 15, 2021	—	100%	100%	100%	Research, development and commercialization of innovative therapies
宜明昂科生物藥業 (上海)有限公司 (ImmuneOnco Pharmaceutical Biological (Shanghai) Co., Ltd). * *(Note ii)*	The PRC/ September 28, 2021	—	100%	100%	100%	Research, development and commercialization of pharmaceutical drug

* *The English names are for identification purpose only*

Notes:

i No statutory financial statements were available, as there is no statutory audit requirement.

ii The statutory financial statements of these subsidiaries for the year ended December 31, 2021 were prepared in accordance with Accounting Standards for Business Enterprises and were audited by 上會會計師事務所(特殊普通合夥)/Shangkuai Certified Public Accountants (LLP)*, CPA registered in the PRC. No statutory financial statements of these subsidiaries have been prepared for the year ended December 31, 2022 as the financial statements have not yet been due to issue.

iii The statutory financial statements of the subsidiary for the period from date of incorporation to December 31, 2022 have not been prepared as they are not due for issue.

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities	Financial liabilities at FVTPL	Accrued [REDACTED] costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2021	9,176	1,119,092	—	1,128,268
Issue cost accrued	—	—	1,399	1,399
Financing cash flow	(5,663)	800,975	(565)	794,747
Fair value changes	—	511,517	—	511,517
Finance costs.	891	—	—	891
New leases entered	14,135	—	—	14,135
As at December 31, 2021	18,539	2,431,584	834	2,450,957
[REDACTED] cost accrued	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Financing cash flow	(6,590)	183,596	(3,600)	173,406
Fair value changes	—	55,510	—	55,510
Finance costs.	787	—	—	787
New leases entered	1,883	—	—	1,883
Reclassification of financial liabilities at FVTPL as equity	—	(2,670,690)	—	(2,670,690)
As at December 31, 2022	14,619	—	2,165	16,784

37. MAJOR NON-CASH TRANSACTIONS

During the Track Record Period, the Group granted RS to certain employees and directors. Further details are given in Note 29.

During the Track Record Period, the Group entered into new lease agreements for office premises for 1 to 3 years. On the lease commencement, the Group recognized right-of-use assets amounted to RMB15,320,000 and RMB1,904,000 and lease liabilities amounted to RMB14,135,000 and RMB1,883,000 during the years ended December 31, 2021 and 2022, respectively.

38. SUBSEQUENT EVENTS

There has been no significant event since the end of the Track Record Period.

39. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to December 31, 2022 and up to the date of this report.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

PRC TAXATION

Taxation Relating to Dividends

Individual Investors

Pursuant to *the Individual Income Tax Law of the PRC* (中華人民共和國個人所得税法) (the "***IIT Law***") promulgated by the SCNPC on September 10, 1980, last amended on August 31, 2018 and effective on January 1, 2019, and *the Implementation Regulations for the Individual Income Tax Law of the PRC* (中華人民共和國個人所得税法實施條例) (the "***Implementation Regulations for the IIT Law***") last amended by the State Council on December 18, 2018 and implemented on January 1, 2019, dividend income derived by individual investors from PRC domestic enterprises (no matter the place of payment is in the PRC or not) shall be subject to individual income tax at a tax rate of 20% and shall be withheld by the PRC domestic enterprises, except for tax-exempt income stipulated in international conventions and agreements to which the PRC Government is a party, as well as other tax-exempt income and tax reduction circumstances stipulated by the State Council.

Pursuant to *the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income* (內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排) (the "***Arrangement***") executed on August 21, 2006, the PRC Government may levy taxes on the dividends paid by PRC companies to Hong Kong residents in accordance with the PRC laws, but the levied tax (in the case the beneficial owner of the dividends are not companies directly holding at least 25% of the equity interest in the company paying the dividends) shall not exceed 10% of the total dividends. However, pursuant to *the Fifth Protocol of the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income* (〈內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排〉第五議定書), which came into effect on December 6, 2019, although there are other provisions under the *Arrangement*, if, after taking into account all relevant facts and conditions, one of the primary purposes for the arrangement or transaction which will bring any direct or indirect benefits under this *Arrangement* is reasonably deemed to obtaining such benefit, then such benefits shall not be granted with respect to the relevant income, unless it can be confirmed that the grant of benefits under such circumstance is consistent with the purpose and goal of the relevant provisions of this *Arrangement*.

Additionally, pursuant to *the Notice on Issues Relating to the Implementation of the Dividend Clauses in the Tax Treaties* (關於執行税收協定股息條款有關問題的通知) issued by the SAT on February 20, 2009 and effective therefrom, where a PRC resident company pays dividends to a Hong Kong resident and the Hong Kong resident (or person collecting the dividends) is the beneficial owner of the dividends, the dividends obtained by the Hong Kong resident is entitled to the treatment of the tax treaties, namely that the income tax payable in the PRC by the Hong Kong resident shall be calculated at the tax rate prescribed in the treaties. If the tax rate prescribed in the treaties is higher than that provided in the tax laws of the PRC, the taxpayer may pay taxes in accordance with the tax laws of the PRC. A taxpayer who intends to enjoy the treatment of the treaties prescribed in the preceding paragraph shall satisfy all the following conditions: (i) a taxpayer eligible for the treatment of the treaties shall be a Hong Kong resident, (ii) a taxpayer eligible for the treatment of the treaties shall be the beneficial owner of the relevant dividends, (iii) dividends eligible for the treatment of the treaties shall be equity investment gains such as dividends and bonuses which are recognized in accordance with the tax laws of the PRC, and (iv) other conditions as prescribed by the SAT. A transaction or arrangement for which the primary purpose is to obtain a preferential tax position shall not constitute the reason for the application of treatment of the treaties; where a taxpayer enjoys unjustifiably the treatment of the tax treaties due to such transaction or arrangement, the competent tax authorities may make adjustments thereto.

Enterprise Investors

Pursuant to *the Enterprise Income Tax Law of the PRC* (中華人民共和國企業所得税法) (the "***EIT Law***") last amended and implemented on December 29, 2018, and *the Implementation Regulations for the Enterprise Income Tax Law of the PRC* (中華人民共和國企業所得税法實施條例) (the "***Implementation Regulations for the EIT Law***") last amended and implemented on April 23, 2019, a non-resident enterprise is subject to enterprise income tax for its PRC-sourced income (including equity investment gains such as dividends and bonuses paid by PRC enterprises), but shall be at a reduced tax rate of 10%, if such non-resident enterprise does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not connected with such establishment or premises in the PRC. The aforementioned income tax which shall be paid by non-resident enterprises shall be withheld at source, with the payer of the income being the withholding agent. Such withholding tax shall be withheld by the withholding agent from the amount paid or amount due and payable upon each payment or payment due and payable. *The Circular on Issues Relating to the Withholding and Remittance of Enterprise Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares* (關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知) issued by the SAT on November 6, 2008 and implemented therefrom, further clarified that a PRC resident enterprise shall withhold enterprise income tax at a rate of 10% on the dividends of the year 2008 and onwards distributed to overseas non-resident enterprise shareholders of H Shares.

Pursuant to the *Arrangement*, the PRC Government may levy taxes on the dividends paid by PRC companies to Hong Kong residents in accordance with the PRC law. However, if the beneficial owner of the dividends is a Hong Kong resident, then the levied taxes shall not exceed: (i) 5% of the total dividends if the beneficial owner is a company owns directly at least 25% of the equity interest in the company paying the dividends, or (ii) 10% of the total dividends under the other circumstances. Pursuant to the Fifth Protocol of the *Arrangement*, although there are other provisions under the *Arrangement*, if, after taking into account all relevant facts and conditions, one of the primary purposes for the arrangement or transaction which will bring any direct or indirect benefits under this *Arrangement* is reasonably deemed to obtaining such benefit, then such benefits shall not be granted with respect to the relevant income, unless it can be confirmed that the grant of benefits under such circumstance is consistent with the purpose and goal of the relevant provisions of this *Arrangement*.

Additionally, pursuant to *the Notice on Issues Relating to the Implementation of the Dividend Clauses in the Tax Treaties*, where a PRC resident company pays dividends to a Hong Kong resident and the Hong Kong resident (or person collecting the dividends) is the beneficial owner of the dividends, the dividends obtained by the Hong Kong resident is entitled to the treatment of the treaties, namely that the income tax payable in the PRC by the Hong Kong resident shall be calculated at the tax rate prescribed in the treaties. If the tax rate prescribed in the treaties is higher than that provided in the tax laws of the PRC, the taxpayer may pay taxes in accordance with the tax laws of the PRC. A taxpayer who intends to enjoy the treatment of the treaties prescribed in the preceding paragraph shall satisfy all the following conditions: (i) a taxpayer eligible for the treatment of the treaties shall be a Hong Kong resident, (ii) a taxpayer eligible for the treatment of the treaties shall be the beneficial owner of the relevant dividends, (iii) dividends eligible for the treatment of the treaties shall be equity investment gains such as dividends and bonuses which are recognized in accordance with the tax laws of the PRC, and (iv) other conditions as prescribed by the SAT. Pursuant to the provisions of relevant dividend clauses in the tax treaties, where a Hong Kong resident directly owns over a certain proportion of equity interest in the PRC resident company paying the dividends, the tax of the dividends obtained by the Hong Kong resident may be levied at the rate prescribed in the tax treaties. A Hong Kong resident who intends to enjoy such treatment of the tax treaties shall satisfy all the following conditions: (i) the Hong Kong resident obtaining the dividends shall be a company according to the provisions of tax treaties, (ii) the proportion directly owned by the Hong Kong resident in the total proprietary

interest and voting shares of the PRC resident company shall comply with the prescribed proportion, (iii) the proportion directly owned by the Hong Kong resident in the equity interest of the PRC resident company shall comply with the proportion prescribed in the tax treaties at any time within 12 consecutive months prior to the obtaining of dividends. A transaction or arrangement for which the primary purpose is to obtain a preferential tax position shall not constitute the reason for the application of treatment of the treaties; where a taxpayer enjoys unjustifiably the treatment of the tax treaties due to such transaction or arrangement, the competent tax authorities shall have the rights to make adjustments thereto.

Tax Treaties

Non-PRC resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC or residing in Hong Kong or Macau Special Administrative Region shall be granted to preferential tax rates on dividends from PRC companies. The PRC has entered into arrangements for the avoidance of double taxation with Hong Kong and Macau Special Administrative Region respectively and has entered into treaties for the avoidance of double taxation with certain other countries, including but not limited to Australia, Canada, France, Germany, Japan, Malaysia, Netherlands, Singapore, the United Kingdom and the United States. A non-PRC resident enterprise which is granted to a preferential tax rate under a relevant tax treaty or arrangement may apply to the PRC tax authorities for a refund of the difference between the amount of tax withheld and tax calculated according to the preferential tax rate stipulated by the relevant treaties or arrangements, and such application shall be subject to the approval by the PRC tax authorities.

Taxation relating to Share Transfer

Individual Investors

Pursuant to the *IIT Law* and the *Implementation Regulations for the IIT Law*, gains on transfer of properties (including gains derived by individuals from the transfer of priced securities, equity, shares of property in a partnership enterprise) in subject to individual income tax at the rate of 20%. Pursuant to *the Circular on Declaring that Individual Income Tax Continues to Be Exempted over Individual Gains from Transfer of Shares* (Cai Shui Zi [1998] No. 61) (關於個人轉讓股票所得繼續暫免徵收個人所得税的通知(財税字[1998]61號)) issued jointly by the Ministry of Finance and the SAT on March 30, 1998 and implemented therefrom, from January 1, 1997, gains of individuals from the transfer of shares of listed companies continue to be exempted from individual income tax.

Enterprise Investors

Pursuant to the *EIT Law* and the *Implementation Regulations for the EIT Law*, a non-resident enterprise is subject to enterprise income tax for its PRC-sourced income (including gains from transfers of equity investments in PRC enterprises), but shall be at a reduced tax rate of 10%, if such non-resident enterprise does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not connected with such establishment or premises in the PRC. The aforementioned income tax which shall be paid by non-resident enterprises shall be withheld at source, with the payer of the income being the withholding agent. Such withholding tax shall be withheld by the withholding agent from the amount paid or amount due and payable upon each payment or payment due and payable.

PRC Stamp Tax

Pursuant to *the Stamp Tax Law of the PRC (中華人民共和國印花稅法)* promulgated by the SCNPC on June 10, 2021 which became effective on July 1, 2022, the entities and individuals that (i) conclude taxable vouchers or conduct securities trading within the territory of the PRC, or (ii) conclude outside the territory of the PRC the taxable vouchers that are used inside China, shall pay stamp tax. Therefore, PRC stamp tax does not apply to acquisitions or dispositions of H shares outside PRC by non-PRC investors.

Estate Tax

As of the Latest Practicable Date, no estate tax has been levied in the PRC.

TAXATION IN HONG KONG

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Trading gains from sales of H Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.13% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including H Shares (in other words, a total of 0.26% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable, and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after February 11, 2006.

FOREIGN EXCHANGE

The lawful currency of the PRC is renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The SAFE, with the authorization of the People's Bank of China (the "**PBoC**"), is empowered with the functions of administering all matters in relation to foreign exchange, including the implementation of foreign exchange control regulations.

The Foreign Exchange Administration Regulations of the PRC (中華人民共和國外匯管理條例) issued by the State Council on January 29, 1996 and effective from April 1, 1996, and last amended on August 5, 2008 and effective therefrom, which classified all international payments and transfers into current account and capital account items. The PRC government does not impose any restrictions on the international payments and transfers under current account. The foreign exchange incomes and payments under current account shall be based on true and legitimate transactions. Financial institutions engaging in the settlement and sale of foreign currencies shall carry out reasonable examination on the authenticity of transaction documents and their consistency with the foreign exchange incomes and payments pursuant to the provisions stipulated by the department of foreign exchange administration under the State Council. The authorities of foreign exchange administration are empowered to supervise and inspect the afore-mentioned matters. Capital account items shall be subject to registration pursuant to the provisions stipulated by the department of foreign exchange administration under the State Council, and if the approval by or filing with the relevant competent departments beforehand is required by the relevant regulations of the PRC, such approval or filing formalities shall be completed prior to the foreign exchange registration. The foreign exchange under capital account and the funds obtained from the settlement of foreign exchange shall be used for the purpose approved by the relevant competent departments and the authorities of foreign exchange administration, and the authorities of foreign exchange administration are empowered to supervise and inspect the use of the foreign exchange under capital account and the funds obtained from the settlement of foreign exchange and the changes in the accounts. The foreign exchange incomes of domestic institutions or individuals may be remitted into the PRC or deposited overseas. If the international incomes and payments have become or may become seriously unbalanced, or the national economy has encountered or may encounter serious crises, the PRC government may take necessary protective and controlling measures to the international incomes and payments.

The Regulation of Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定) issued by the PBoC on June 20, 1996 and effective from July 1, 1996 cancelled the restrictions on convertibility of foreign exchange under current account, while retaining the existing restrictions on foreign exchange transactions under capital account.

According to *the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism* (關於完善人民幣匯率形成機制改革的公告) issued by the PBoC on July 21, 2005 and effective therefrom, an administrated floating exchange rate system where the exchange rate is determined based on market supply and demand and adjusted with reference to a basket of currencies has been adopted in the PRC since July 21, 2005. The exchange rate of renminbi is no longer pegged to the US dollar, and a more flexible renminbi exchange rate mechanism is formed. The PBoC will publish the closing price of renminbi against US dollar and other trading currencies in the inter-bank foreign exchange market after closing of the market every working day, as the middle price of renminbi against such currencies on the following working day.

According to the relevant laws and regulations of the PRC, PRC enterprises (including foreign-invested enterprises) in need of foreign exchange to carry out transactions under current account may make payments through the foreign exchange accounts opened at a designated foreign exchange bank but shall provide effective receipts and documents of transactions, without approval by the authorities of foreign exchange administration. Foreign-invested enterprises in need of foreign exchange for the distribution of profits to their shareholders or PRC enterprises required by the relevant regulations to pay dividends to their shareholders in foreign exchange to may make payments from foreign exchange accounts at designated foreign exchange banks or with the foreign exchange converted at designated foreign exchange banks in accordance with the resolutions on profit distribution adopted by the board of directors or the shareholders' meeting.

The Decision on Matters relating to the Cancellation and Adjustment of a Batch of Administrative Approval Items (Guo Fa [2014] No. 50) (關於取消和調整一批行政審批項目等事項的決定(國發[2014]50號)) issued by the State Council on October 23, 2014 and effective therefrom, cancelled the administrative approval items by the SAFE and its branches on the remittance and settlement of the overseas proceeds of the overseas listing of foreign shares.

According to *the Notice on Issues Concerning the Foreign Exchange Administration of Overseas Listing* (關於境外上市外匯管理有關問題的通知) issued by the SAFE on December 26, 2014 and effective therefrom, a domestic company shall register its overseas listing with the local branch of the SAFE at the place of its incorporation with 15 working days upon closing of its overseas offering and listing. The proceeds from the overseas listing of the domestic company may be remitted into domestic accounts or deposited oversea, and the use of proceeds shall be consistent with the information disclosed in the prospectus documents and other public disclosure documents.

The Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investments (關於進一步簡化和改進直接投資外匯管理政策的通知) issued by the SAFE on February 13, 2015 and effective from June 1, 2015, cancelled two administrative approval items, i.e. foreign exchange registration approval under domestic direct investments and foreign exchange registration approval under overseas direct investments, and foreign exchange registration under domestic direct investments and foreign exchange registration under overseas direct investments are instead reviewed and carried out by banks directly, while the SAFE and its branches would carry out indirect supervision on such foreign exchange registration of direct investments through banks.

According to *the Notice on the Reform and Regulation of Administrative Policies of the Settlement of Foreign Exchange under Capital Account* (關於改革和規範資本項目結匯管理政策的通知) issued by the SAFE on June 9, 2016 and effective therefrom, the foreign exchange incomes under capital account that, as clearly provided by the relevant policies, shall be settled by willingness (including the remitted funds of overseas listing), may be settled at banks based on the actual business needs of the domestic institutions. The tentative ratio for settlement of the foreign exchange incomes under capital account of domestic institutions by willingness is 100%, subject to the adjustment by the SAFE based on the international income and payment situations when appropriate.

The Notice on Promoting the Reform of Foreign Exchange Administration and Improving the Review of Authenticity and Compliance (Hui Fa [2017] No. 3) (關於進一步推進外匯管理改革完善真實合規性審核的通知(匯發[2017]3號)) issued by the SAFE on January 18, 2017 and implemented therefrom, continuously implementing and improving the policy for outward remittance of foreign exchange profit generated from direct investment; enhancing the review of authenticity and compliance of outbound direct investment; implementing administration on comprehensive overseas lending in domestic and foreign currencies, where a domestic institution engages in overseas lending business, the maximum sum of the balance of overseas lending in domestic currency and the balance of overseas lending in foreign currency shall not exceed 30% of the owners' equity as set out in its audited financial statements of the preceding year.

According to *the Notice on Further Promoting Cross-border Trade and Investment Facilitation* (Hui Fa [2019] No. 28) (關於進一步促進跨境貿易投資便利化的通知(匯發[2019]28號)) issued by the SAFE on October 23, 2019 and implemented therefrom, restrictions on the domestic equity investment by non-investment foreign-funded enterprises with their capital funds were cancelled, on the basis that investing foreign-funded enterprises (including foreign-funded companies, foreign-funded venture capital enterprises and foreign-funded equity investment enterprises) may make domestic equity investments with their capital funds in accordance with laws and regulations, non-investing foreign-funded enterprises are permitted to legally make domestic equity investments with their capital funds under the premise that the existing special administrative measures (negative list) for foreign investment access are not violated and domestic investment projects are true and compliant. Qualified enterprises in pilot regions are allowed to use capital funds, foreign debts, income from overseas listing and otherwise under the capital account for domestic payments without prior provision of proof materials for veracity to the bank for each transaction, provided that such use is authentic and in compliance with existing administrative provisions on the use of income under the capital account. Pilot banks manage and control relevant business risks under the principle of prudent business development. Local branches of the SAFE shall strengthen monitoring and analysis and interim and ex-post supervision.

According to *the Notice on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business* (Hui Fa [2020] No. 8) (關於優化外匯管理支持涉外業務發展的通知(匯發[2020]8號)) issued by the SAFE on April 10, 2020 and implemented from June 1, 2020, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc. for domestic payment, without prior provision of proof materials for veracity to the bank for each transaction. Handling banks shall manage and control relevant business risks under the principle of prudent business development and conduct spot checks afterwards on the payment facilitation business for income under the capital account handled by them according to relevant requirements. Local branches of the SAFE shall strengthen monitoring and analysis and interim and ex-post supervision.

THE PRC LEGAL SYSTEM

The PRC legal system is based on *the Constitutional Law of the PRC* (中華人民共和國憲法) (the "***Constitutional Law***") and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, regulations of departments of the State Council, regulations and normative documents of local governments, international treaties of which the PRC Government is a signatory and other regulatory documents. Court judgments do not constitute binding precedents. However, they may be used for the purposes of judicial reference and guidance.

According to the *Constitutional Law* and *the Legislation Law of the PRC* (中華人民共和國立法法) (the "***Legislation Law***"), the National People's Congress (the "**NPC**") and the Standing Committee of the NPC (the "**SCNPC**") are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments may not contravene the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the *Constitutional Law* and laws.

The people's congresses of the provinces, autonomous regions and municipalities and their standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the *Constitutional Law*, laws or administrative regulations.

The ministries and commissions of the State Council, the PBoC, the National Audit Office as well as the other organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within their authorities, formulate rules and regulations.

The people's congresses of cities divided into districts and their respective standing committees may enact local regulations on the matters relating to urban and rural development and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs which shall come into effect upon approval from the respective standing committees of the people's congresses of the provinces and autonomous regions, provided that such local regulations shall not be in conflict with the *Constitutional Law*, laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned. Adaptations of provisions of laws and administrative regulations may be introduced to the autonomy regulations and separate regulations based on the characteristics of the local ethnic group, so long as they do not contravene the basic principles of the laws or administrative regulations, and no adaptations shall be made to the specific provisions on national autonomous areas in the *Constitutional Law*, national region autonomy law and other relevant laws and administrative regulations.

The *Constitutional Law* has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations, rules and regulations may contravene the *Constitutional Law*. The authority of laws is greater than that of administrative regulations, local regulations and rules and regulations. The authority of administrative regulations is greater than that of local regulations and rules and regulations. The authority of local regulations is greater than that of the rules of the local governments at and below the corresponding level. The

authority of the rules and regulations enacted by the people's governments of the provinces and the autonomous regions is greater than that of the rules and regulations enacted by the people's governments of the cities with districts or autonomous prefectures within the administrative areas.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by the SCNPC, but which contravene the *Constitutional Law* or the *Legislation Law*. The SCNPC has the power to annul any administrative regulations that contravene the *Constitutional Law* and laws, to annul any local regulations that contravene the *Constitutional Law*, laws or administrative regulations, and to annul any autonomous regulations or separate regulations which have been approved by the standing committees of the people's congresses of any provinces, autonomous regions or municipalities, but which contravene the *Constitutional Law* and the *Legislation Law*. The State Council has the power to alter or annul any inappropriate rules and regulations of departments and local governments. The people's congresses of provinces, autonomous regions or municipalities have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of the local people's congresses have the power to annul inappropriate rules and regulations enacted by the people's governments at the corresponding level. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules and regulations enacted by the people's governments at a lower level.

According to the *Constitutional Law* and the *Legislation Law*, the power to interpret laws is vested in the SCNPC. According to *the Resolution of the Standing Committee of the National People's Congress Regarding the Strengthening of Interpretation of Laws* (全國人民代表大會常務委員會關於加強法律解釋工作的決議) passed by the SCNPC on June 10, 1981, laws and decrees subject to further clarification or supplement shall be interpreted and provided by the SCNPC, issues related to the application of laws and decrees in a court trial shall be interpreted by the Supreme People's Court, issues related to the application of laws and decrees in a prosecution process of a procuratorate shall be interpreted by the Supreme People's Procuratorate. If there is any disagreement in principle between the Supreme People's Court's interpretations and the Supreme People's Procuratorate's interpretations, such issues shall be reported to the SCNPC for interpretation or judgment. The other issues related to the application of laws and decrees other than in the trial and procuratorial work shall be interpreted by the State Council and the competent authorities. If the provisions of local regulations themselves need to be further clarified or supplemented, the standing committees of the people's congresses of the provinces, autonomous regions, and municipalities that formulate such regulations shall interpret or formulate the supplemental provisions. All issues related to the specific application of local regulations shall be interpreted by the competent departments of the people's governments of provinces, autonomous regions and municipalities.

PRC JUDICIAL SYSTEM

Under the *Constitutional Law* and *the PRC Law on the Organization of the People's Courts* (中華人民共和國人民法院組織法), the people's court is made up of the Supreme People's Court, the local people's courts at all levels and the special people's courts.

The Supreme People's Court is the highest judicial organ of the PRC and it has the power to supervise the administration of justice by the local people's courts at all levels and all special people's courts. Local people's courts at all levels are composed of higher people's courts, intermediate people's courts and primary people's courts. The higher level of people's court supervises the trial work of the people's court at a lower level. The people's procuratorate also has the right to exercise legal supervision over the proceedings of the people's court at the same level or at a lower level.

The people's courts adopt a "second instance as final" appellate system in the trail of the cases. A party to the case concerned may appeal against the judgment and ruling of the first instance by the local people's courts to the people's courts at the next higher level in accordance with the legal procedures. The people's procuratorates may appeal to the people's court at the next higher level in accordance with the legal procedures. In the absence of any appeal by any parties to the case concerned or any appeal by the people's procuratorates within the stipulated period, the judgment and ruling of the first instance by the local people's courts shall be final and legally binding. Judgments and rulings of the second instance of the intermediate people's courts, the higher people's courts and Supreme People's Court and the judgments and rulings of the first instance of the Supreme People's Court shall be the final judgments and rulings. If, however, the people's courts at a higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, it may order retrial by the people's court at a lower level. If the chief judge of a people's court at any level finds any definite errors in a legally effective final judgment or ruling of such court, he/she shall submit the case to the judicial committee for discussion and determination on retrial. The death penalty shall be reported to the Supreme People's Court for approval unless it is otherwise adjudged by the Supreme People's Court.

The Civil Procedure Law of the PRC (中華人民共和國民事訴訟法) (the "***Civil Procedure Law***") promulgated on April 9, 1991 and effective therefrom, last amended on December 24, 2021 and effective from January 1, 2022, provided for matters including the jurisdiction of the people's courts, instituting a civil case, the procedures for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the *Civil Procedure Law*. Generally speaking, civil cases are heard by the court located in the defendant's place of domicile; where the domicile and habitual residence of the defendant are different, the people's court at the location of habitual residence shall have jurisdiction; with respect to a civil lawsuit filed by a legal person or an organization, the people's court at the location of the defendant's domicile shall have jurisdiction. The parties to disputes involving contracts or other property rights may, by a written agreement, choose a people's court of jurisdiction located at the places directly connected with the disputes, such as the defendant's place of domicile, the place where the contract is executed or signed, the plaintiff's place of domicile or the place where the object is located, however, such selection shall not violate the provisions of the *Civil Procedure Law* on level jurisdiction and exclusive jurisdiction.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization that institute or respond to proceedings in a people's court is given the same litigation rights and obligations as a citizen, legal person and other organization of the PRC. Shall a foreign court limit the civil litigation rights of PRC citizens, legal persons and other organizations, the PRC people's court shall apply the same limitations to the civil litigation rights of the citizens, legal persons and organizations of such foreign country.

The parties concerned shall perform the civil judgment or ruling which has come into legal effect. If one party refuses to perform, the counterparty may apply to the people's court for enforcement, or the judge may assign an enforcement officer to carry out enforcement. With respect to a mediation document and any other legal document which should be enforced by the people's court, the parties concerned shall perform the mediation document and legal document. If one party refuses to perform, the counterparty may apply to the people's court for enforcement. With respect to an arbitral award of an arbitration organization established pursuant to the law, where one party does not perform, the counterparty may apply to a people's court which has jurisdiction for enforcement. There are time limits of two years imposed on the right to apply for such enforcement. If an enforcee does not perform the acts stipulated by a judgment, ruling or any other legal document pursuant to the notice of enforcement, the people's court may carry out mandatory enforcement or entrust the relevant organization or any other person to carry out enforcement.

A party seeking to enforce an effective judgement or ruling by a people's court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgement or ruling or the people's court may request a foreign court with jurisdiction over the case for recognition and enforcement if the PRC has entered into or acceded to an international treaty, or if the judgement or according to the principle of reciprocity. With respect to an arbitral award made by a foreign-related arbitration organization of China which has come into legal effect for which the parties concerned request for enforcement, where the enforcee or its properties is not located in China, the parties concerned shall submit an application directly to a foreign court which has jurisdiction for ratification and enforcement.

Where a judgment or ruling made by a foreign court which has come into legal effect requires ratification and enforcement by a people's court in China, the parties concerned may submit an application directly to an intermediate people's court in China which has jurisdiction for ratification and enforcement, or the foreign court may, pursuant to the provisions of the international treaty concluded or participated by the country and China or in accordance with the principle of reciprocity, request for ratification and enforcement by the people's court. Where a people's court concludes that the basic principle of the PRC laws or the sovereignty, security or public interest of the State is not violated, the people's court shall rule on ratification of the validity; where there is a need for enforcement, an enforcement order shall be issued and enforced pursuant to the relevant provisions of the *Civil Procedure Law*. Where the people's court deemed that the basic principle of the PRC laws or the sovereignty, security or public interest of the State is violated, the judgment or ruling made by the foreign court shall not be ratified and enforced. Where an arbitral award of an overseas arbitration organization requires ratification and enforcement by a people's court in China, the parties concerned shall submit an application directly to an intermediate people's court at the location of the enforcee's residence or the location of the enforcee's properties, the people's court shall handle the matter pursuant to the international treaty concluded or participated by China or in accordance with the principle of reciprocity.

The Company Law, the Special Regulations, the Mandatory Provisions and the Official Reply

A joint stock limited company which was incorporated in the PRC and seeking to be listed on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- *The Company Law of the PRC* (中華人民共和國公司法) (the "***Company Law***") promulgated by the SCNPC on December 29, 1993 and effective from July 1, 1994, and revised on December 25,1999, August 28, 2004, October 27, 2005 and December 28, 2013 and October 26, 2018 respectively, and the latest revision of which was implemented on October 26, 2018;

- *The Special Regulations on Share Offering and Listing Overseas by Joint-Stock Limited Companies* (關於股份有限公司境外募集股份及上市的特別規定) (the "***Special Regulations***") issued by the State Council on August 4, 1994 pursuant to Articles 85 and 155 of the *Company Law* in force at that time, which applied to the overseas share offering and listing of joint stock limited companies;

- *The Mandatory Provisions of the Articles of Association of Companies Listing Overseas* (到境外上市公司章程必備條款) (the "***Mandatory Provisions***") issued jointly by the former Securities Commission of the State Council and the former State Economic Restructuring Commission on September 29, 1994, which provided the mandatory provisions to be incorporated into the articles of association of a joint stock limited company seeking an overseas listing (including joint stock limited companies seeking listing in Hong Kong), and *the Letter of Opinions on Supplementary Amendments to the Articles of Association of Companies Listing in Hong Kong* (關於到香港上市公司對公

司章程作補充修改的意見的函) issued jointly by the CSRC and the former State Economic Restructuring Commission on April 3, 1995 and effective therefrom, which further specified the application of the *Mandatory Provisions* to the joint stock limited companies seeking listing in Hong Kong; and

- *The Official Reply on Adjusting the Application of Provisions of Matters Including the Notice Period of Overseas Listed Companies for Convening Shareholders' Meetings* (關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆) (the "***Official Reply***") issued by the State Council on October 17, 2019 and effective therefrom, which provided that, for those joint stock limited companies incorporated in the PRC but listed overseas, the requirements for the notice period for convening shareholders' meetings, shareholders' proposal rights and the procedures for convening shareholders' meetings shall be governed by the relevant provisions of the *Company Law*, and no longer be governed by the provisions of Article 20 through 22 of the *Special Regulations*.

Set out below is a summary of the major provisions of the *Company Law*, the *Special Regulations*, the *Mandatory Provisions* and the *Official Reply*.

GENERAL PROVISIONS

A joint stock limited company refers to a corporate legal person established in the PRC under the *Company Law* with independent legal person properties and entitlements to such legal person properties. The liability of the Company for its own debts is limited to all the properties it owns and the liability of its shareholders for the Company is limited to the extent of the shares they subscribe for.

A company engaging in business activities shall comply with the provisions of laws and administrative regulations, uphold social morality, business ethics, honesty and trustworthiness, accept supervision of the government and social public and bear social responsibility. A company may invest in other enterprises. However, unless otherwise provided by the law, a company shall not act as a contributory which bears joint liability of an investee enterprise.

INCORPORATION

A joint stock limited company may be incorporated by promotion or public subscription. Companies incorporated by promotion are companies with the registered capital entirely subscribed for by the promoters. Where companies are incorporated by subscription, the promoters are required to subscribe part of the shares of a company (not less than 35% of the total number of shares), and the remaining shares can be offered to the public or specific persons.

For a company incorporated by promotion, the registered capital has to be the total capital subscribed for by all promoters as registered with the company registration authority. It shall not raise capital from others before the promoters fully pay the capital subscribed by them; for companies established by public subscription, the registered capital is the amount of total paid-up capital as registered with the company registration authority.

A joint stock limited company may be incorporated by two to 200 promoters, but at least half of the promoters must reside in the PRC.

The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the review of the report on organization of the company by the promoters, the adoption of articles of association and the election of members

of the board of directors and members of the supervisory committee of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the company. A company is formally established and has the qualification of a legal person once the registration has been approved by the relevant administration for market regulation and a business license has been issued. Joint stock limited companies established by the subscription method shall file the approval on the offering of shares issued by the securities administration department of the State Council with the company registration authority for record.

Promoters of a joint stock limited company who fail to make full capital contribution in accordance with the provisions of the articles of association of the company shall make up for the payment; other promoters shall bear joint liability. Where it is discovered after the incorporation of a joint stock limited company that the actual value of non-cash assets used for capital contribution for the incorporation is significantly lower than the amount stated in the articles of association of the company, the promoter who made the capital contribution shall make up for the difference; other promoters shall bear joint liability.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated, (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated, and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company.

SHARE CAPITAL

The promoters may make capital contribution in currencies, or non-monetary assets such as in kind or intellectual property rights or land use rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. Non-monetary assets used for capital contribution shall be valuated and verified; and shall not be overvalued or undervalued. Where there are provisions in the laws and administrative regulations on valuation, such provisions shall prevail.

The capital of a joint stock limited company is divided into shares of equal par value. Shares shall be issued in a fair and equitable manner. The same class of shares must carry equal rights. Shares of the same class issued at the same time must be issued on the same conditions and at the same price. The same price per share shall be paid by any entity or individual, and shall be equal to or greater than the nominal value of the share and shall not be less than the nominal value.

According to the *Special Regulations*, subject to approval by the Securities Committee of the State Council, a joint stock limited company may issue shares to designated or non-designated investors overseas and its shares may be listed overseas (shares issued to overseas investor by the joint stock company are circulated and transferred on offshore public securities exchanges). Pursuant to the *Special Regulations* and the *Mandatory Provisions*, shares issued to foreign investors (including foreign investors, investors from Hong Kong, Macau Special Administrative Region and Taiwan) and subscribed in foreign currencies are defined as foreign shares. Foreign shares listed overseas are defined as overseas listed foreign shares, overseas listed foreign shares shall be in the form of registered share certificates, with the face value indicated in renminbi and subscription in foreign currencies. The shares issued to investors within the PRC (other than foreign countries, Hong Kong, Macau Special Administrative Region and Taiwan) and subscribed for in Renminbi are referred to as domestic shares. According to the *Special Regulations*, where issuing overseas listed foreign shares within the total amount of shares fixed in the share issue

plan, a company may, subject to approval by the Securities Committee of the State Council, agree with the underwriters in the underwriting agreement to retain not more than 15% of the intended total amount of overseas listed foreign shares, after accounting for the amount of shares underwritten. The issue of shares retained by a company shall be regarded as part of the total shares issued under the original issue plan.

A company issuing registered share certificates shall maintain a shareholder registry which sets forth the following matters: (i) the name and domicile of each shareholder, (ii) the number of shares held by each shareholder, (iii) the serial number of share certificates held by each shareholder, and (iv) the date on which each shareholder acquired the shares.

INCREASE OF SHARE CAPITAL

Where a joint stock limited company plans to issue new shares, resolutions on the following matters shall be adopted by the shareholders' meeting: (i) type and number of new shares, (ii) issue price of new shares, (iii) date of commencement and cut-off date for issue of new shares, and (iv) type and number of new shares issued to existing shareholders. When the company launches a public issuance of new shares with the approval of the securities regulatory authorities of the State Council, it shall publish a prospectus and financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

According to *the Securities Law of the PRC* (中華人民共和國證券法) (the "***Securities Law***"), an initial public offering of new shares by a company shall satisfy the following criteria: (i) the company has a proper and well-functioning organization structure, (ii) the company is a going concern, (iii) the auditor has issued non-qualified audit reports for the company's financial accounting documents for the past three years, (iv) the issuer and its controlling shareholders, actual controlling party do not have criminal record during the past three years for corruption, bribery, encroachment of assets, misappropriation of assets or disruption of socialist market economy order, and (v) other criteria stipulated by the securities regulatory authorities of the State Council and approved by the State Council. Offering of new shares by listed companies shall satisfy the criteria stipulated by the securities regulatory authorities of the State Council and approved by the State Council, and the detailed administrative measures shall be formulated by the securities regulatory authorities of the State Council.

REDUCTION OF SHARE CAPITAL

A company reducing its registered capital shall prepare a balance sheet and a list of properties. The company shall notify its creditors within ten days after the decision of reducing registered capital, and publish an announcement in respect of the reduction on a newspaper within thirty days. The creditors may demand, within 30 days from receipt of the notice (or within 45 days for those creditors who did not receive the notice), that the company settles the debts or provide the corresponding guarantee. Where a company reduces its registered capital, the company shall apply to the company registration authority for registration of the change in accordance with the law.

REPURCHASE OF SHARES

A company shall not purchase its own shares other than under the following circumstances: (i) to reduce its registered capital, (ii) to merge with other companies which hold its shares, (iii) to use shares for employees stock ownership plan or equity incentives, (iv) to purchase its shares from shareholders who vote against any resolution adopted at a shareholders' general meeting on the merger or demerger of the company upon their request, (v) to use shares for converting convertible corporate bonds issued by the listed company, or (vi) for the purpose of protecting the corporate value and the rights and interests of shareholders of a listed company when necessary.

A company purchasing its own shares under any of the circumstances set forth in items (i) and (ii) shall be subject to a resolution of the shareholders' meeting. A company purchasing its own shares under any of the circumstances set forth in items (iii), (v) and (vi) may, pursuant to its articles of association or the authorization of the shareholders' general meeting, be subject to approval by resolution of a board meeting at which more than two-thirds of directors are present.

After purchasing its own shares in accordance with these requirements, a company shall, under the circumstance set forth in item (i), cancel them within ten days after the purchase; while under the circumstance set forth in either item (ii) or (iv), transfer or cancel them within six months; and while under the circumstance set forth in item (iii), (v) or (vi), aggregately hold not more than 10% of the total shares issued by the company, and transfer or cancel them within three years.

A listed company purchasing its own shares shall perform the obligation of information disclosure as required by the *Securities Law* and, under any of the circumstances set forth in items (iii), (v) and (vi), shall carry out trading in a public and centralized manner.

A company shall not accept its own shares as the subject matter of pledge.

TRANSFER OF SHARES

Shares may be transferred in accordance with the relevant laws and regulations. Transfer of shares by shareholders shall be carried out at a legally established stock exchange or in other ways stipulated by the State Council. Registered shares shall be transferred by means of endorsement by shareholders or by such other means as provided for by laws or administrative regulations; the company shall record the name and address of the transferee in the register of shareholders upon the transfer. No registration of changes in the register of members as stipulated by the preceding paragraph shall be made within 20 days prior to the convening of a shareholders' general meeting or within 5 days prior to the record date on which the company decides to distribute dividends. Where the law provides otherwise for alteration of records in the register of shareholders of listed companies, such provisions shall prevail. Transfer of bearer shares shall become effective immediately after a shareholder delivers such share certificates to a transferee.

Shares held by promoters may not be transferred within one year of the establishment of the company. Shares of the company issued prior to the public issue of shares may not be transferred within one year of the date of the company's listing on a stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in it and any changes in such shareholdings. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company every year. They shall not transfer the shares they hold within one year of the date of the company's listing on a stock exchange, nor within six months after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

SHAREHOLDERS

Pursuant to the *Company Law* and the *Mandatory Provisions*, the holder of ordinary shares of a company shall have the following rights: (i) to receive dividends and beneficial distributions in other forms according to the quantity of shares held, (ii) to attend or entrust an agent to attend shareholders' meetings and to execute voting rights, (iii) to supervise and manage business operations of the company and to raise proposals or address inquiries accordingly, (iv) to assign shares pursuant to the provisions of laws, statutory regulations and the company's articles of association, (v) to inspect the articles of association, shareholder register, counterfoil of company debentures, minutes of shareholders' general meetings, board resolutions, resolutions of the supervisory committee and financial and accounting reports, and to make suggestions or inquiries

in respect of the company's operations, (vi) to participate in, upon the company's termination or liquidation, the distribution of the company's remaining assets according to the quantity of shares held, (vii) to apply to a people's court within 60 days from the date of resolution for rescission of the resolution where the convening procedures and voting method of a shareholders' general meeting or board meeting violates the provisions of laws and administrative regulations or the articles of association of the company or the contents of the resolution violate the articles of association of the company, and (viii) other rights as stipulated in laws, statutory regulations and the company's articles of association.

Pursuant to the *Mandatory Provisions*, the holder of ordinary shares of a company shall assume the following obligations: (i) to abide by the company's articles of association, (ii) to pay funds pursuant to the quantity of subscribed shares and the method of subscription, and (iii) other obligations as stipulated in laws, statutory regulations and the company's articles of association. Apart from the conditions accepted at the time of subscribing to shares, a shareholder shall not bear liability for any additional share capital.

SHAREHOLDERS' GENERAL MEETINGS

The shareholders' general meeting of a joint stock limited company shall consist of all shareholders. The shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the *Company Law*. The shareholders' general meeting may exercise the following powers: (i) to decide on the company's operational objectives and investment plans, (ii) to elect and remove the directors and supervisors (not being representatives of employees) and to decide on the matters relating to the remuneration of directors and supervisors, (iii) to review and approve the reports of the board of directors, (iv) to review and approve the reports of the supervisory committee or supervisors, (v) to review and approve the company's annual financial budgets and final accounts, (vi) to review and approve the company's profit distribution proposals and loss recovery proposals, (vii) to decide on any increase or reduction of the company's registered capital, (viii) to decide on the issue of corporate bonds, (ix) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form, (x) to amend the company's articles of association, and (xi) to exercise any other authority stipulated in the articles of association.

A shareholders' general meeting is required to be held once every year. An extraordinary shareholders' general meeting is required to be held within two months of the occurrence of any of the following circumstances: (i) the number of directors is less than the number stipulated by the *Company Law* or less than two-thirds of the number specified in the articles of association, (ii) the outstanding losses of the company amounted to one-third of the company's total paid-in share capital, (iii) shareholders individually or in aggregate holding 10% or more of the company's shares request that an extraordinary shareholders' general meeting be convened, (iv) the board deems necessary, (v) the supervisory committee so requests, or (vi) any other circumstances as provided for in the articles of association.

A shareholders' general meeting shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or is not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or is not performing his duties, a director nominated by half or more of the directors shall preside over the meeting. Where the board of directors is incapable of performing or is not performing its duties to convene the shareholders' general meeting, the supervisory committee shall convene and preside over such meeting in a timely manner. If the supervisory committee fails to convene and preside over such meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over such meeting.

All the shareholders shall be informed in writing 20 days in advance of a shareholders' general meeting of the date and venue of meeting and the agenda. All the shareholders shall be informed 15 days in advance of an extraordinary shareholders' general meeting; where the agenda includes an issue of bearer shares, a notice of the meeting stating the date and venue of the meeting and the agenda shall be given 30 days in advance.

A shareholder who holds 3% or more of the shares of the company or several shareholders who hold 3% or more of the shares of the company jointly may submit a written proposal of an agenda item ten days before a shareholders' general meeting to the board of directors; the board of directors shall inform other shareholders of the proposal within two days from receipt of the proposal and table the proposal at the shareholders' general meeting for review. The contents of the proposed agenda item shall be within the scope of duties and powers of the shareholders' general meeting and shall contain a specific topic and specific resolution. The shareholders' general meeting shall not resolve on matters which are not set out in the notice of meeting. Holders of bearer shares attending a shareholders' general meeting shall deposit their share certificates with the company from five days before the meeting to the conclusion of the shareholders' general meeting.

There is no specific provision in the *Company Law* regarding the number of shareholders constituting a quorum in a shareholders' meeting.

When a shareholder attends a shareholders' general meeting, he/she shall have one vote for each share he/she holds. However, the company has no voting right for its own shares it holds. Pursuant to the *Company Law* and the *Mandatory Provisions*, resolutions of the shareholders' general meetings shall be divided into ordinary and special resolutions. An ordinary resolution at a shareholders' general meeting shall require the approval of a majority of the voting rights of shareholders (including their agents) who are present at the meeting in order to be valid. A special resolution at a shareholders' general meeting shall require the approval of a two-thirds majority of the voting rights of shareholders (including their agents) who are present at the meeting in order to be valid. Ordinary resolutions shall be proposed on the following matters at a shareholders' general meeting: (i) work reports of the board of directors and supervisory committee, (ii) profit distribution plan and loss recovery plan prepared by the board of directors, (iii) dismissal of members of the board of directors and supervisory committee and forms of their remuneration and payment methods, (iv) the company's annual budget and financial accounting reports, balance sheets, profit and loss statements and other financial statements, and (v) matters other than those on which special resolutions shall be proposed as stipulated in laws, statutory regulations or the company's articles of association. Special resolutions shall be proposed on the following matters at a shareholders' meeting: (i) company share capital expansion and reduction, and the issue of any types of share, share certificate subscription and other similar securities, (ii) the issue of corporate bonds, (iii) company division, merger, dissolution and liquidation, (iv) amendments to the company's articles of association, and (v) other matters which are deemed by the shareholders' general meeting to have a major impact on the company and where it is passed by ordinary resolution at the shareholders' meeting that the matter be resolved by special resolution. In addition, the *Company Law* and the articles of association of the company require a resolution of the shareholders' general meeting for the transfer of major assets to others or vice versa or provision of guarantee to external parties etc., the board of directors shall convene a shareholders' general meeting promptly for the passing of a resolution on the aforesaid matter.

An accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting. Under the accumulative voting system, when the shareholders' general meeting electing directors and supervisors, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the shareholders' general meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chair of the meeting and the directors in presence shall affix their signatures to the minutes, which shall be preserved together with the book of signatures of the shareholders in presence as well as the power of attorney thereof.

Pursuant to the *Mandatory Provisions*, if a company intends to vary or abrogate the class rights, a class shareholders' meeting shall be held. As such, the holders of domestic shares and holders of overseas listed foreign shares shall be deemed as different classes of shareholders.

BOARD OF DIRECTORS

The board of directors of a joint stock limited company shall comprise 5 to 19 members. The term of appointment of a director shall be stipulated by the articles of association of the company, but each term shall not exceed three years. Upon expiry of the term of appointment, a director may be re-elected. Where no new appointment is made upon expiry of the term of appointment of a director or a director has resigned during his/her term of appointment and causes the number of directors that constitutes the board of directors to fall below the quorum, the original director shall, prior to the new director taking office, continue to perform his/her duties as a director in accordance with the provisions of laws and administrative regulations and the articles of association of the company.

Pursuant to the *Company Law* and the *Mandatory Provisions*, the board of directors shall be responsible to the shareholders' general meeting and exercise the following functions: (i) to convene shareholders' general meetings and presenting reports to the shareholders, (ii) to implement the resolutions made at the shareholders' general meetings, (iii) to decide on the company's business and investment plans, (iv) to prepare the company's annual financial budget plans and final account plans, (v) to prepare the company's profit distribution plans and loss recovery plans, (vi) to prepare the company's plans on the increase or reduction of registered capital, as well as on the issuance of corporate bonds, (vii) to prepare the company's plans on merger, split-up, liquidation or change of the company form, etc., (viii) to make decisions on the company's internal management structure, (ix) to appoint or dismiss the company's general manager, and according to the recommendation of the general manager, to decide the appointment or dismissal of deputy manager and financial officer as well as their salaries and remunerations, (x) to prepare the company's basic management system, (xi) to prepare the amendments to the articles of association, and (xii) other functions as specified in the articles of association.

BOARD MEETINGS

Meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the supervisory committee. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. The board of directors may determine the method and period of notice in the case of an interim meeting convened by the board of directors. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf. Minutes of meetings of the board of directors shall be recorded and signed by the directors who attended the meeting.

Where a resolution of the board of directors is in violation of any law, administrative regulation, the articles of association or the shareholders' general meeting resolution and causes any material loss to the company, the directors who participate in adopting the resolution shall

make compensation to the company. However, if a director is proven to have expressed his objection to the vote on such resolution and his objection was recorded in the minutes, such director may be exempted from liability.

CHAIRMAN OF THE BOARD

The board of directors shall appoint a chairman and may appoint a vice chairman. The chairman or the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

QUALIFICATION OF DIRECTORS

The following persons may not serve as a director: (i) a person who is unable or has limited ability to undertake any civil liabilities, (ii) a person who has been convicted of an offense of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence, (iii) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise, (iv) a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation, or (v) a person who is liable for a relatively large amount of debts that are overdue.

Where the election or appointment of a director is in violation of the aforesaid provisions, such election or appointment shall be void. In the event of any circumstances occurs during the term of appointment of a director, the company shall remove such director.

In addition, pursuant to the *Mandatory Provisions*, a person shall not hold the position of director under any of the following circumstances: (i) the person has been involved in illegal activities which are subject to investigation by the judicial authorities and the case has yet to be settled, (ii) provisions of laws and statutory regulations stipulate that the person is not permitted to assume the position of leader of an enterprise, (iii) the person is not a natural person, or (iv) a period of less than five years has elapsed since the date the person was found to be in violation of the provisions of relevant securities regulations and was involved in deceitful or dishonest activities as ruled by the competent authority.

SUPERVISORY COMMITTEE

A joint stock limited company shall have a supervisory committee composed of not less than three members. The supervisory committee consists of representatives of the shareholders and an appropriate proportion of representatives of the company's staff. The actual proportion shall be determined in the articles of association, provided that the proportion of representatives of the company's staff shall not be less than one-third. Representatives of the company's staff at the supervisory committee shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. Directors and senior management shall not act concurrently as supervisors.

Pursuant to the *Company Law*, the supervisory committee shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the supervisory committee shall be elected by more than half of the supervisors. However, pursuant to *the Letter of Opinions on Supplementary Amendments to the Articles of Association of Companies Listing in Hong Kong*, the chairman of the supervisory committee shall be appointed or removed by more than two-thirds of the supervisors.

The chairman of the supervisory committee shall convene and preside over supervisory committee meetings. Where the chairman of the supervisory committee is incapable of performing or is not performing his/her duties, the vice chairman of the supervisory committee shall convene and preside over supervisory committee meetings. Where the vice chairman of the supervisory committee is incapable of performing or is not performing his/her duties, a supervisor nominated by more than half of the supervisors shall convene and preside over supervisory committee meetings.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if reelected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The supervisory committee exercises the following powers: (i) to review the company's financial position, (ii) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated any laws, regulations, the articles of association or shareholders' resolutions, (iii) when the acts of a director or member of senior management are detrimental to the company's interests, to require the director and senior management to correct these acts, (iv) to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board fails to perform the duty of convening and presiding over shareholders' general meetings under the *Company Law*, (v) to submit proposals to the shareholders' general meetings, (vi) to bring actions against directors or senior management pursuant to the relevant provisions of the *Company Law*, and (vii) to exercise any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board. The supervisory committee may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

The supervisory committee shall convene at least one meeting every six months. A supervisor may propose to convene an interim meeting. The rules of procedure and voting procedures of the supervisory committee shall be stipulated by the articles of association of the company, unless otherwise provided in the *Company Law*. Resolutions of the supervisory committee shall be passed by a simple majority. However, pursuant to *the Letter of Opinions on Supplementary Amendments to the Articles of Association of Companies Listing in Hong Kong*, the resolution of the supervisory committee shall be passed by more than two-thirds of the supervisors.

Minutes of meetings of the supervisory committee shall be recorded and signed by the supervisors who attended the meeting.

The qualification restrictions for directors also apply to supervisors.

MANAGER AND THE SENIOR MANAGEMENT PERSONNEL

A joint stock limited company shall have a manager who shall be appointed or removed by the board of directors. The manager, who reports to the board of directors, exercises the following powers: (i) to manage the production, operation and administration of the company and arrange for the implementation of the resolutions of the board of directors, (ii) to arrange for the implementation of the company's annual business plans and investment proposals, (iii) to draft proposals for the establishment of the company's internal management organs, (iv) to draft the fundamental management system of the company, (v) to formulate the company's specific rules and regulations, (vi) to recommend the appointment or dismissal of deputy manager and financial officer of the company, (vii) to appoint or dismiss management personnel (other than those required to be appointed or dismissed by the board of directors), and (viii) to exercise any other authority granted by the board of directors. Other provisions in the articles of association on the manager's powers shall also be complied with. The manager shall be present at meetings of the board of directors.

The board of directors may appoint a director to take the post of manager concurrently.

Senior management refers to the manager, deputy manager, financial officer, secretary to the board of listed company and other personnel as stipulated in the articles of association.

The qualification restrictions for directors also apply to senior management personnel.

DUTIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Directors, supervisors and senior management of the company are required to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating of the company's properties.

Directors and senior management are prohibited from: (i) misappropriation of the company's capital, (ii) depositing the company's capital into accounts under his own name or the name of other individuals, (iii) loaning company funds to others or providing guarantees in favor of others supported by the company's assets in violation of the articles of association or without prior approval of the shareholders' general meeting or board of directors, (iv) entering into contracts or deals with the company in violation of the articles of association or without prior approval of the shareholders' general meeting, (v) using their position and powers to procure business opportunities for themselves or others that should have otherwise been available to the company or operating for their own benefits or managing on behalf of others businesses similar to that of the company without prior approval of the shareholders' general meeting, (vi) accept and possess commissions paid by a third party for transactions conducted with the company, (vii) unauthorized divulgence of confidential business information of the company, or (viii) other acts in violation of their duty of loyalty to the company. Income received by directors and senior management in violation of the aforesaid provisions shall belong to the company.

A director, supervisor or senior management who violates the provisions of laws and administrative regulations or the articles of association of the company in his/her performance of duties and powers and causing the company to suffer damages shall bear compensation liability.

Where a shareholders' general meeting requires a director, supervisor or senior management to attend a meeting, the director, supervisor or senior management shall attend the meeting and answer the queries of the shareholders. Directors or senior management shall provide the relevant information and data truthfully to the supervisory committee and shall not obstruct the exercising of powers and performance of duties by the supervisory committee.

Where a director or senior management contravenes laws, administrative regulations or the articles of association in the performance of his/her duties resulting in any loss to the company, shareholders of the joint stock limited company holding individually or in aggregate more than 1% of the company's shares consecutively for more than 180 days may request in writing that the supervisory board institute litigation at the people's court. Where the supervisor violates the laws or administrative regulations or the articles of association in the discharge of its duties resulting in any loss to the company, shareholders of the joint stock limited company holding individually or in aggregate more than 1% of the company's shares consecutively for more than 180 days may request in writing that the board of directors institute litigation at the people's court on its behalf. If the supervisory board or the board of directors refuses to institute litigation after receiving this written request from the shareholders, or fails to institute litigation within 30 days of the date of receiving the request, or in case of emergency where failure to institute litigation immediately will result in irrecoverable damage to the company's interests, such shareholders shall have the power to institute litigation directly at the people's court in its own name for the company's benefit. For other parties who infringe the lawful interests of the company resulting in loss to the company, shareholders of the joint stock limited company holding individually or in aggregate more than 1% of the company's shares consecutively for more than 180 days may institute litigation at the people's court in accordance with the procedure described above. Where a director or senior management contravenes any laws, administrative regulations or the articles of association in infringement of shareholders' interests, a shareholder may also institute litigation at the people's court.

Pursuant to the *Special Regulations*, a company's directors, supervisors, manager and other senior management shall have duty of good faith to the company. They are required to comply with the articles of association, to faithfully perform their duties, to protect the interests of the company and not to use their positions in the company for their own benefits.

Pursuant to the *Mandatory Provisions*, apart from obligations as stipulated in laws, statutory regulations or the listing rules of stock exchanges where the company's shares are listed, when exercising the powers granted by the company, the directors, supervisors, manager and other senior management personnel shall also assume the following obligations towards each shareholder: (i) shall not allow the company to exceed the scope of its business operations as stipulated in its business license, (ii) shall sincerely take the best interests of the company as fundamental when conducting business activities, (iii) shall not be permitted to expropriate the company's property using any means, including (but not limited to) when this involves opportunities beneficial to the company, and (iv) shall not infringe upon the individual rights and interests of shareholders, including (but not limited to) distribution rights and voting rights; however, this shall not include the situation where a company restructure is proposed for adoption by the shareholders' meeting in accordance with the company's articles of association.

Directors, supervisors, manager and other senior management of the company shall all have responsibility, when exercising their rights and performing their obligations, to adopt the prudence, diligence and skill which would be displayed by a reasonably prudent person in similar circumstances.

When performing their duties, the directors, supervisors, manager and other senior management of the company must abide by the principle of sincerity and shall not place themselves in unfavorable situations in which their interests may conflict with their obligations. This principle shall include (but not limited to) performing the following obligations: (i) to sincerely take the best interests of the company as fundamental in their actions, (ii) to exercise authority within their powers of office and not exceed that power of authority, (iii) to personally exercise the authorized right to handle matters according to one's own judgement and not to be manipulated by others; the right to handle matters according to one's own judgement shall not be passed on to others without the authority of laws and statutory regulations or without the informed consent of the shareholders' meeting, (iv) to treat the same categories of shareholders equally and

to treat different categories of shareholders fairly, (v) the entering into contacts, deals or arrangements with the company unless it is stipulated otherwise in the company's articles of association or without the informed approval of the shareholders' meeting shall be prohibited, (vi) the use of the company's property to seek personal gains through any means without the informed consent of the shareholders' meeting shall be prohibited, (vii) the use of powers of office to receive bribes or other illicit gains and the embezzlement of the company's property through any means, including (but not limited to) opportunities which are beneficial to the company shall be prohibited, (viii) the receiving of commissions from company transactions without the informed consent of the shareholders' meeting shall be prohibited, (ix) to honor the company's articles of association, to faithfully perform one's duties and to safeguard the company's interests, and it shall be prohibited to use the position and powers of office to seek personal gain, (x) without the informed consent of the shareholders' meeting, it shall be prohibited to engage in any activities which are in competition with the company, (xi) it shall be prohibited to embezzle company funds or to lend company funds to others, and it shall be prohibited to use company funds to open bank accounts in one's own name or using another's name or to use company assets to provide guarantees for debts of company shareholders or other persons, and (xii) without the informed consent of the shareholders' meeting, it shall be prohibited to disclose confidential information concerning the company which became known in the course of holding the position; unless it be in the company's interests, such information shall not be used; however, such information may be disclosed to the court or other competent government organs under the following circumstances: (x) where it is so provided in the law; (y) where the public interest so requires; or (z) where the interests of such director, supervisor, manager or other senior management themselves so require.

Where a company director, supervisor, manager or other senior management is found to have violated obligations to the company, apart from the various rights and remedial measures stipulated in laws and statutory regulations, the company has the right to adopt the following measures: (i) to request that the director, supervisor, manager and other senior management compensate for losses incurred by the company due to their negligence in the performance of their duties, (ii) to cancel any contract or deal concluded between the company and that director, supervisor, manager and other senior management, and cancel any contract or deal concluded between the company and a third party (if the third party knew or should have known that the director, supervisor, manager and other senior management was representing the company in violation of obligations to the company), (iii) to request that the director, supervisor, manager and other senior management hand over any gains derived in violation of his/her obligations, (iv) to recover funds including (but not limited to) commissions received by that director, supervisor, manager and other senior management which should have been collected by the company, or (v) to request that the director, supervisor, manager and other senior management return any interests gained or which may be gained from any funds which should be handed over to the company.

FINANCE AND ACCOUNTING

A company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments under the State Council. At the end of each accounting year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with laws. The financial and accounting reports shall be prepared in accordance with laws, administrative regulations and the regulations of the financial departments under the State Council. The joint stock limited company's financial and accounting reports shall be made available for shareholders' inspection at the company within 20 days before the convening of an annual shareholders' general meeting. A joint stock limited company that makes public stock offerings shall announce its financial and accounting reports.

When distributing each year's profits after taxation, the company shall set aside 10% of its profits after taxation for the company's statutory common reserve fund until the fund has reached more than 50% of the company's registered capital. When the company's statutory common

reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make good the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a shareholders' general meeting, make further allocations from its profits after taxation to the discretionary common reserve fund.

After the company has made good its losses and made allocations to its discretionary common reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders of the joint stock limited company, except for those which are not distributed in a proportionate manner as provided by the articles of association. Profits distributed to shareholders by a resolution of a shareholders' general meeting or the board of directors before losses have been made good and allocations have been made to the statutory common reserve fund in violation of the requirements described above must be returned to the company. The company shall not be entitled to any distribution of profits in respect of its own shares held by it.

The premium over the nominal value per share of the company on issue and other income as required by relevant governmental department to be treated as the capital reserve fund shall be accounted for as the capital reserve fund. The common reserve fund of a company shall be applied to make good the company's losses, expand its business operations or increase its capital. The capital reserve fund, however, shall not be used to make good the company's losses. Upon the transfer of the statutory common reserve fund into capital, the balance of the fund shall not be less than 25% of the registered capital of the company before such transfer.

The company shall have no accounting books other than the statutory books. The company's assets shall not be deposited in any account opened under the name of an individual.

APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

The appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting or board of directors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting or board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

Pursuant to the *Special Regulations* and the *Mandatory Provisions*, the company shall appoint a State qualified independent accounting firm to audit the company's annual financial reports and to examine and verify other financial reports. The company shall provide relevant information to the appointed accounting firm and shall answer its inquiries. The period of appointment of an accounting firm shall commence from the date of conclusion of the current annual shareholders' general meeting and end at the conclusion of the subsequent annual shareholders' general meeting. The company's first accounting firm may be appointed by the founding meeting before the first shareholders' general meeting. The term of appointment of the first accounting firm shall terminate at the conclusion of the first shareholders' general meeting.

The accounting firm appointed by the company shall have the following rights: (i) to consult, at any time, the company's account books, records or vouchers, and shall have the right to request company directors, manager or other senior management to provide relevant data and explanations, (ii) to request that the company adopt all reasonable measures to obtain from its subsidiaries data and statements which the accounting firm requires for the performance of its duties, and (iii) to attend shareholders' general meetings and to obtain information which is available to any

shareholder who has the right to receive notice of a meeting or on other matters related to the meeting, and to speak at any shareholders' general meeting about matters related to its functions as accounting firm to the company.

Decisions on matters relating to the appointment, removal or non-reappointment of an accounting firm shall be taken at shareholders' general meetings and such decisions shall be reported to the competent securities department of the State Council for the record.

DISTRIBUTION OF PROFITS

After making up its losses and accrued reserves, a joint stock limited company may make distribution based on the proportion of shares held by shareholders unless the articles of association of a joint stock limited company stipulate that distribution is not based on the proportion of shares held.

Pursuant to the *Special Regulations*, dividends or other payments which are to be made by the company to shareholders of the company's overseas listed foreign shares shall be calculated and declared in renminbi and paid in foreign currency.

Pursuant to the *Mandatory Provisions*, a company may distribute the dividends in (i) cash; or (ii) shares. The company shall appoint a collecting agent for holders of overseas listed foreign shares. The collecting agent shall collect dividends on overseas listed foreign shares and other payable items from the company on behalf or relevant shareholders. The collecting agent appointed by the company shall meet the requirements of the law in the place where the company is listed or relevant regulations of the stock exchange.

DISSOLUTION AND LIQUIDATION

A company shall be dissolved for any of the following reasons: (i) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred, (ii) the shareholders have resolved at a shareholders' general meeting to dissolve the company, (iii) the company is dissolved by reason of its merger or division, (iv) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws, or (v) shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company has request a people's court to dissolve the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering on-going existence of the company a cause for significant losses to the shareholders.

In the event of (i) above, the company may carry on its existence by amending its articles of association. The amendment of the articles of association in accordance with provisions set out above shall require approval of more than two thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved under the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution. The members of the joint stock limited company's liquidation group shall be composed of its directors or the personnel appointed by the shareholders' general meeting. If a liquidation group is not established within the stipulated period, creditors may apply to the people's court and request the court to appoint relevant personnel to form the liquidation group. The people's court should accept such application and form a liquidation group to conduct liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period: (i) to handle the company's assets and to prepare a balance sheet and an inventory of the assets, (ii) to notify creditors through notice or public announcement, (iii) to deal with the company's outstanding businesses related to liquidation, (iv) to pay any tax overdue as well as tax amounts arising from the process of liquidation, (v) to claim credits and pay off debts, (vi) to handle the company's remaining assets after its debts have been paid off, and (vii) to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' general meeting or people's court for confirmation. The joint stock limited company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. The company shall continue to exist during the liquidation period, although it cannot engage in any operating activities that are not related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance with the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy. Following such declaration, the liquidation group shall hand over all matters relating to the liquidation to the people's court. Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. Thereafter, the report shall be submitted to the registration authority of the company in order to cancel the company's registration, and a public notice of its termination shall be issued.

Members of the liquidation group shall perform their duties diligently and perform liquidation obligations in accordance with the relevant laws. Members of the liquidation group shall not abuse their duties and rights to accept bribes or other illegal income and shall not misappropriate company assets. Members of the liquidation group shall bear compensation liability towards the company or its creditors for damages suffered by the company or its creditors due to an intentional or serious mistake of the members of the liquidation group.

Where a company is declared bankrupt in accordance with the provisions of the law, bankruptcy liquidation shall be conducted in accordance with the provisions of enterprise bankruptcy laws.

OVERSEAS LISTING

Pursuant to the *Special Regulations*, subject to approval by the Securities Committee of the State Council, a joint stock limited company may issue shares to designated or non-designated investors overseas and its shares may be listed overseas (which refers to shares being issued to investors overseas by joint stock limited companies and such shares being freely transferable on overseas public stock exchanges). A joint stock limited company wishing to issue shares to

overseas investors and to list those shares overseas shall, in accordance with the requirements of the Securities Committee of the State Council, lodge a written application, together with relevant documents, to the Securities Committee of the State Council for approval.

According to the *Overseas Listing Trial Measures* which will become effective on March 31, 2023, a domestic company seeking direct overseas offering and listing shall file with the CSRC, submit the filing report, legal opinions and other relevant materials as required under the *Overseas Listing Trial Measures*, and state the shareholders' information and other matters in a truthful, accurate and complete manner. Where a domestic company submits an application for initial public offering to the competent overseas regulators, such domestic company shall file with the CSRC within three business days after such application is submitted. The *Overseas Listing Trial Measures* and *the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies* further clarified that, a domestic company that has already obtained the approval document from the CSRC for overseas public offering and listing may proceed with the overseas listing within the validity period of the approval document. Where the overseas listing has not been completed upon the expiration of the approval document, filing procedures specified in the *Overseas Listing Trial Measures* shall be made as required.

Pursuant to *the Regulatory Guidelines for the Application Documents and Examination Procedures for the Overseas Share Offering and Listing by Joint Stock Limited Companies* (關於股份有限公司境外發行股票和上市申報文件及審核程序的監管指引) issued by the CSRC on December 20, 2012 and effective from January 1, 2013, the approval documents for overseas share offering and listing by the company granted by the CSRC shall be valid for a period of 12 months.

LOSS OF SHARE CERTIFICATES

In the event share certificates in registered form are either stolen, lost or damaged, shareholder may, in accordance with the relevant provisions set out in the *Civil Procedure Law*, apply to a people's court for a declaration that such certificates are no longer valid by way of announcement. Upon such declaration, the shareholder may apply to the company for the issue of replacement certificates.

Pursuant to the *Mandatory Provisions*, if a holder of overseas listed foreign shares losing its share certificate and applying for supplementary issue of a replacement certificate, this shall be handled in accordance with the law of the place where the original shareholder ledger of overseas listed foreign shares is kept with the rules of the stock exchange or other relevant regulations. If a holder of overseas listed foreign shares listed in Hong Kong has lost its share certificate and applies for supplementary issue of a replacement certificate, the supplementary issue of a replacement certificate shall be in compliance with the following requirements: (i) The applicant shall lodge an application according to the standard format designated by the company and shall attach a notarial certificate or document of legal declaration. The contents of the notarial certificate or legal declaration shall include reasons for the application, details and evidence of the loss of the share certificate and a declaration that no other party can request the registration of such shares as a shareholder. (ii) No declaration has been made by any party other than the applicant requesting the registration of those shares as a shareholder before the company makes a decision on supplementary issue of a replacement certificate. (iii) Where the company decides to make supplementary issue of a replacement certificate, a public announcement of the intended supplementary issue of the replacement certificate shall be published in the newspapers designated by the board of directors; the period for a public announcement shall be 90 days and the public announcement shall be published at least once every 30 days. (iv) Before publication of a public announcement of the intended supplementary issue of a replacement share certificate, a duplicate copy of the public announcement to be published shall be submitted to the stock exchange which lists the company's shares. The public announcement may then be published after receipt of a reply from the stock exchange confirming the display of the public announcement in the stock exchange has occurred. The period for display of a public announcement in the stock exchange

shall be 90 days. If an application for the supplementary issue of a replacement share certificate is made without the consent of a shareholder registered in the share ledger who holds the relevant shares, the company shall post a copy of the public announcement to be published to the shareholder concerned. (v) Upon the expiration of the 90-day period for a public announcement or display as stipulated in (iii) and (iv) and where no objection against supplementary issue of a replacement share certificate has been raised by any party, the replacement share certificate may be issued pursuant to the application. (vi) When making supplementary issue of a replacement share certificate pursuant to the provisions of this article, the company shall promptly cancel the original share certificate and shall record such cancellation and supplementary issue of the replacement share certificate on the share ledger. (vii) All expenses incurred by the company in the cancellation of the original share certificate and the supplementary issue of the replacement share certificate shall be borne by the applicant. The company shall have the right to refuse to undertake any action before an applicant provides a reasonable guarantee.

SECURITIES LAWS AND REGULATIONS

In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm under the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the Securities Committee and the CSRC and adjust the functions and powers of the CSRC.

The Provisional Regulations for the Administration of Issuing and Trading of Shares (股票發行與交易管理暫行條例) issued by the State Council on April 22, 1993 and implemented therefrom, regulated the issuance of shares, trading of shares, taking over of listed companies, custody of shares, clearing and transfer of shares, disclosure of information by listed companies, investigations and penalties, and disputes resolution, etc.

The Regulations on Domestic Listed Foreign Shares of Joint Stock Limited Companies (關於股份有限公司境內上市外資股的規定) issued by the State Council on December 25, 1995 and implemented therefrom, regulated the issuance and trading of domestic listed foreign shares of joint stock limited companies, including matters such as the issuance, subscription, trading, application procedures, underwriting, dividend payment of domestic listed foreign shares, and the information disclosure of companies issuing domestic listed foreign shares.

The Securities Law was promulgated on December 29, 1998, took effect on July 1, 1999, and was last amended on December 28, 2019. The last amended *Securities Law* became effective on March 1, 2020. *The Securities Law* is divided into 14 chapters and 226 articles, which set forth provisions on the issuance, trading and listing of securities, prohibited trading activities, acquisition of listed companies, information disclosure, protection of investors, securities trading places, securities companies, securities registration and settlement institutions, securities service institutions, securities associations, securities regulatory authorities, legal liabilities, etc. According to *the Securities Law*, domestic enterprises directly or indirectly issuing securities overseas or listing and trading their securities overseas shall comply with the relevant provisions of the State Council.

"FULL CIRCULATION" OF H SHARES

Pursuant to *the Guidelines on the Application of "Full Circulation" of Domestic Unlisted Shares by H-share Companies* (H股公司境內未上市股份申請"全流通"業務指引) issued by the CSRC on November 14, 2019, provided that the requirements set out in the relevant laws and regulations and in the policies for state-owned assets management, foreign investments and industry regulation are satisfied, the shareholders of domestic unlisted shares of domestic joint stock limited companies listed on the Stock Exchange of Hong Kong Limited (including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders) may decide at their own discretion through negotiation the amount and proportion of the domestic unlisted shares applying for circulation on the Stock Exchange of Hong Kong Limited, and entrust the company to submit the application for "full circulation"

The company shall apply to the CSRC for "full circulation" in accordance with the administrative licensing procedures required for the "examination and approval of overseas public offering and listing of shares (including additional issuance) by joint stock companies". The company may put forward the application of "full circulation" separately, or simultaneously with the application for overseas refinancing. The unlisted domestic joint stock limited companies may put forward the application of "Full Circulation" simultaneously with the application for overseas initial public offering and listing.

According to the *Overseas Listing Trial Measures* which will become effective on March 31, 2023, for a domestic company seeking direct overseas listing, the shareholders holding the domestic unlisted shares of such domestic company who apply for the conversion of the domestic unlisted shares into overseas listed shares shall comply with the relevant provisions of the CSRC and entrust such domestic company to file with the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Under *the Arbitration Law of the PRC* (中華人民共和國仲裁法) (the "***Arbitration Law***") promulgated on August 31, 1994, effective on September 1, 1995, last amended on September 1, 2017 and effective from January 1, 2018, contract disputes and other property disputes between natural persons, legal persons and other organizations can be arbitrated. The arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the *Arbitration Law* and the *Civil Procedure Law*. Where the disputing parties choose arbitration as a method for dispute resolution, both parties shall do so voluntarily and shall reach an arbitration agreement. Where the disputing parties have reached an arbitration agreement and one party applies to the people's court to have the case heard, the people's court shall not deal with the case, unless the arbitration agreement is invalid.

Pursuant to the *Mandatory Provisions*, in relation to disputes and claims relating to the company's affairs between the holders of overseas listed foreign shares and the company, between the holders of overseas listed foreign shares and the company's directors, supervisors, managers and other senior management, or between the holders of overseas listed foreign shares and the holders of domestic capital shares arising out of rights and obligations provided for in the company's articles of association, the *Company Law* or other laws and statutory regulations, the parties concerned shall refer the dispute to arbitration for settlement. When referring the aforesaid dispute or claim to arbitration, it shall be the whole dispute or entire claim which is so referred; where those persons who have a cause of action arising out of the same facts or those persons required to participate in the resolution of a dispute or claim are the company's shareholders, directors, supervisors or other senior management or such person is the company itself, such person shall be subject to arbitration. Disputes over shareholder status and the share ledger may be resolved through means other than arbitration.

An applicant for arbitration may select the China International Economic and Foreign Trade Arbitration Commission to undertake arbitration according to its rules or, alternatively, may choose the Hong Kong International Arbitration Centre to undertake arbitration according to its rules on securities arbitration. After the applicant refers the dispute or claim for arbitration, the opposing party shall participate in the arbitration at the arbitral body chosen by the applicant. If an applicant chooses the Hong Kong International Arbitration Centre, any party concerned may, in accordance with the rules of the Hong Kong International Arbitration Centre on securities arbitration, request the arbitration to be undertaken in Shenzhen.

In resolving disputes or claims as mentioned above through arbitration, the PRC laws shall apply unless the laws and statutory regulations stipulate otherwise. An award made by the arbitral body shall be final and have binding force on the parties concerned.

Pursuant to the *Civil Procedure Law* and the *Arbitration Law*, arbitral awards shall be final. Where an arbitral award is made and a party reapplies for arbitration or initiates an action before the people's court in respect of the same dispute, the arbitration commission or the people's court shall not accept the action. The parties concerned shall implement the arbitral award. With respect to an arbitral award of an arbitration organization established pursuant to the law, where one party does not perform, the counterparty may apply to a people's court which has jurisdiction for enforcement. The people's court accepting the application shall carry out enforcement. Where the respondent presents evidence to prove that the arbitral award falls under any of the following circumstances, upon examination and verification by the collegiate bench formed by the people's court, a ruling of non-enforcement shall be made: (i) the parties concerned have not included an arbitration clause in the contract or have not entered into a written arbitration agreement subsequently, (ii) the arbitration matter does not fall under the scope of the arbitration agreement or the arbitration organization has no right to carry out arbitration, (iii) the composition of the arbitral tribunal or the arbitration procedures is in violation of statutory procedures, (iv) the evidence on which the arbitral award is based is forged, (v) the counterparty has concealed evidence which has an impact on making a fair arbitral award from the arbitration organization, or (vi) the arbitrators have committed bribery or favoritism or perverted the law in making the arbitral award when carrying out arbitration of the case. Where the people's court rules that enforcement of the arbitral award is against the public interest, a ruling of non-enforcement shall be made. Where non-enforcement of an arbitral award is ruled by a people's court, the parties concerned may apply for arbitration again based on the written arbitration agreement between both parties or file a lawsuit with a people's court.

Pursuant to the *Civil Procedure Law*, with respect to an arbitral award made by a PRC foreign-related arbitration organization which has come into legal effect for which the parties concerned request for enforcement, where the enforcee or its properties is not located in the PRC, the parties concerned shall submit an application directly to a foreign court which has jurisdiction for ratification and enforcement. Where an arbitral award of an overseas arbitration organization requires ratification and enforcement by a people's court of the PRC, the parties concerned shall submit an application directly to an intermediate people's court at the location of the enforcee's residence or the location of the enforcee's properties, the people's court shall handle the matter pursuant to the international treaty concluded or participated by the PRC or in accordance with the principle of reciprocity.

The SCNPC decided on December 2, 1986 that the PRC accedes the *Convention on the Recognition and Enforcement of Foreign Arbitral Awards* (承認及執行外國仲裁裁決公約) (concluded in New York on June 10, 1958, the "***New York Convention***"), with the following statements made simultaneously: (i) the PRC applies the Convention only on the basis of reciprocity for the recognition and enforcement of arbitral awards made in the territory of any State party, and (ii) the PRC applies the Convention only for disputes arising out of the contractual and non-contractual commercial legal relationship identifies by the PRC laws. According to the *New York Convention*, each State party shall recognize the binding effect of an arbitral award and

enforce it in accordance with the rules of procedure of the place of arbitration and the conditions set forth below. However, under certain circumstances, including the competent authority of the country with which the application for recognition and enforcement is filed recognizing or enforcing the arbitral award is in violation of the public policy of the country, such competent authority may refuse to recognize and implement an arbitral award.

Pursuant to *the Arrangements on the Reciprocal Enforcement of Arbitral Awards by Mainland China and the Hong Kong Special Administrative Region* (關於內地與香港特別行政區相互執行仲裁裁決的安排) (the "***Arrangement***") issued by the Supreme People's Court on January 24, 2000 and implemented from February 1, 2000 and *the Supplementary Arrangements on Reciprocal Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region* (關於內地與香港特別行政區相互執行仲裁裁決的補充安排) issued by the Supreme People's Court on November 26, 2020 and implemented from November 27, 2020, the *Arrangement* shall apply to the enforcement of arbitral awards made in accordance with t*he Arbitration Ordinance of the Hong Kong Special Administrative Region* by the people's courts and the enforcement of arbitral awards made in accordance with the *Arbitration Law* by the courts of Hong Kong Special Administrative Region.

JUDICIAL JUDGEMENT AND ITS ENFORCEMENT

T*he Arrangements of the Supreme People's Court and the Government of Hong Kong Special Administrative Region for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region* (最高人民法院、香港特別行政區政府關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) concluded on January 18, 2019 apply to the reciprocal recognition and enforcement of effective judgments in civil and commercial cases between courts of the Mainland and Hong Kong Special Administrative Region, and the reciprocal recognition and enforcement of effective judgments on civil compensation in criminal cases.

SUMMARY OF MATERIAL DIFFERENCES BETWEEN HONG KONG AND PRC COMPANY LAW

The Hong Kong laws applicable to a company incorporated in Hong Kong are the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance and are supplemented by common law and the rules of equity that are applicable to Hong Kong. As a joint stock limited company established in the PRC that is seeking a listing of shares on the Stock Exchange, our Company is governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of certain material differences between Hong Kong Company Law applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company incorporated under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

Corporate Incorporation

Under Hong Kong company law, a company with share capital, shall be incorporated by the Registrar of Companies in Hong Kong and the company will acquire an independent corporate existence upon its incorporation. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance, the articles of association of a private company incorporated in Hong Kong shall contain provisions that restrict a member's right to transfer shares. A public company's articles of association do not contain such provisions.

Under the PRC Company Law, a joint stock limited company may be established by promotion or subscription. The latest amended PRC Company Law which came into effect on October 26, 2018 has no provision on the minimum registered capital of joint stock companies, except that laws, administrative regulations and State Council decisions have separate provisions on paid-in registered capital and the minimum registered capital of joint stock companies, in which case the company should follow such provisions.

Share Capital

Under Hong Kong law, the directors of a Hong Kong company may, with the prior approval of the shareholders if required, issue new shares of the company. The PRC Company Law provides that any increase in our registered capital must be approved and resolved by the shareholders present at the shareholders' general meeting representing two-thirds or more of their voting rights and be registered with the companies registration authorities in accordance with the laws. There are no such minimum capital requirements on a Hong Kong company under Hong Kong law.

Under the PRC Securities Law, any application for the listing and trading of securities shall comply with the listing requirements stipulated in the listing rules of the stock exchange. There is no such restriction on companies incorporated in Hong Kong under Hong Kong law.

Under the PRC Company Law, the shares may be subscribed for in the form of money or non-monetary assets which can be valuated in currency and transferred in accordance with the laws (other than assets not entitled to be used as capital contributions under relevant laws and administrative regulations). For non-monetary assets to be used as capital contributions, it shall be valuated and verified, and shall not be overvalued or undervalued (if there are provisions of laws or administrative regulations in respect of evaluation, such provisions shall prevail), and the transfer procedures of property rights must be carried out. There is no such restriction on a Hong Kong company under Hong Kong law.

Restrictions on Shareholding and Transfer of Shares

Generally, overseas listed foreign shares, which are denominated in Renminbi and subscribed for in a currency other than Renminbi, may only be subscribed for, and traded by, investors from Hong Kong, Macau and Taiwan or any country and territory outside the PRC, or qualified domestic institutional investors. If the H Shares are target securities under the Southbound Trading Link, they are also available to be subscribed for and traded by PRC investors in accordance with the rules and restrictions under Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Under the PRC Company Law, a promoter of a joint stock limited company is not allowed to transfer the shares it holds for a period of one year after the date of establishment of the company. Shares in issue prior to a public offering of the company cannot be transferred within one year from the listing and trading date of the shares on a stock exchange. Shares in a joint stock limited liability company held by its directors, supervisors and senior management and transferred each year during their term of office shall not exceed 25% of the total shares they held in a company, and the shares they held in a company cannot be transferred within one year from the listing and trading date of the shares, and also cannot be transferred within half a year after the said personnel has left office. The articles of association may set other restrictive requirements on the transfer of a company's shares held by its directors, supervisors and senior management. There are no restrictions on shareholdings and transfers of shares under Hong Kong law apart from (i) the restriction on the company to issue additional Shares within six months, and (ii) 12-month lockup on controlling shareholders' disposal of Shares, after the **[REDACTED]**.

Financial Assistance for Acquisition of Shares

The PRC Company Law does not prohibit or restrict a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares. However, the Mandatory Provisions contain certain restrictions on a company and its subsidiaries on providing such financial assistance to the parties who purchase or intend to purchase the company's shares, similar to those under Hong Kong company law.

Variation of Class Shareholders' Rights

The PRC Company Law has no special provision relating to the variation of class shareholders' rights. However, the PRC Company Law states that the State Council can promulgate separate regulations relating to a company's issuance of classes of shares other than provided under the PRC Company Law. The Mandatory Provisions contain elaborate provisions relating to the circumstances which are deemed to be variations of class shareholders' rights and the relevant procedures. These provisions have been incorporated in the Articles of Association.

Under the Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the approval of a special resolution of the holders of the relevant class at a separate meeting, (ii) with the consent in writing of the holders representing at least 75% of the total voting rights of holders of the relevant class of shares, or (iii) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions.

Directors, Senior Management and Supervisors

The PRC Company Law, unlike Hong Kong Company Law, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on companies providing certain benefits to directors and guarantees in respect of directors' liability and prohibitions against compensation for loss of office without shareholders' approval. The Mandatory Provisions, however, contain certain restrictions on interested contracts, transactions and arrangements and specify the circumstances under which a director may receive compensation for loss of office.

Supervisory Board

Under the PRC Company Law, a joint stock limited company's directors and members of the senior management are subject to the supervision of supervisory board. There is no mandatory requirement for the establishment of supervisory board for a company incorporated in Hong Kong. The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be in the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Derivative Action by Minority Shareholders

According to Hong Kong law, as permitted by court, shareholders may initiate a derivative action on behalf of the company against directors who have any misconduct to the company if the directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name.

The PRC Company Law provides shareholders of a joint stock limited company with the right so that in the event any director or senior management violates the provisions of the laws, administrative regulations or the articles of association of the company in performing his or her duties and causes damages to a company, the shareholders individually or jointly holding more than 1% of the shares in the company for more than 180 consecutive days may request in writing

the supervisory board to initiate proceedings in the people's court. In the event any supervisor violates the provisions of the laws, administrative regulations or the articles of association of the company in performing his or her duties and causes damages to company, the above said shareholders may send written request to the board of directors to initiate proceedings in the people's court. Upon receipt of aforesaid written request from the shareholders, if the supervisory board or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days from the date of receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company's interests, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the people's court in their own name. In the event any other person infringes upon the lawful rights and interests of the company and causes damages to the company, the above said shareholders may initiate proceedings in the people's court in accordance with the above said laws and regulations. In the event any director or senior management violates the provisions of the laws, administrative regulations or the articles of association of the company and causes damages to the shareholders' interests, the shareholders may initiate proceedings in the people's court.

The Mandatory Provisions also provide further remedies against the directors, supervisors and senior management who breach their obligations to the company. In addition, as a condition to the listing of shares on the Stock Exchange, each director and supervisor of a joint stock limited company is required to give an undertaking in favor of the shareholders acting as agent for the shareholders. This allows minority shareholders to take action against directors and supervisors of the company in default.

Protection of Minority Shareholders

Under Hong Kong law, a shareholder who complains that the business of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to the Court to make an appropriate order to give relief to the unfairly prejudicial conduct. Alternatively, pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, a shareholder may seek to wind up the company on the just and equitable ground. In addition, on the application of a specified number of members, the Financial Secretary may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated or registered in Hong Kong.

According to the PRC Company Law, in the event that the company encounters substantial difficulties in its operation and management and its continuance shall cause a significant loss to the interest of its shareholders, and where this cannot be resolved through other means, the shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to the People's Court for the dissolution of the company. The Mandatory Provisions, however, contains provisions that a controlling shareholder may not exercise its voting rights in a prejudicial manner to the interests of the entire or part of shareholders of a company to relieve a director or supervisor of his duty to act honestly in the best interests of the company or to approve the expropriation of the company's assets (including without limitation any opportunity that is beneficial to the company) or the individual rights of other shareholders (including without limitation distribution rights or voting rights) by a director or supervisor (for his own interests or other person's interests).

Notice of Shareholders' Meetings

Under the PRC Company Law, notice of a shareholders' annual general meeting and an extraordinary shareholders meeting must be given to each shareholder at least 20 days and 15 days before the meeting, respectively. Where bearer shares are issued, an announcement shall be made 30 days prior to the convention of such meeting.

For a company incorporated in Hong Kong, the minimum period of notice is 14 days in the case of an annual general meeting. Further, where a meeting involves consideration of a resolution requiring special notice, the company must also give its shareholders notice of the resolution at least 14 days before the meeting. The notice period for the annual shareholders' general meeting is 21 days.

Quorum for Shareholders' Meetings

Under the Companies Ordinance, the quorum for a general meeting must be at least two members unless the articles of association of the company otherwise provided. For companies with only one shareholder, the quorum must be one shareholder. The PRC Company Law does not specify the quorum for a shareholders' general meeting. Pursuant to the Mandatory Provisions, a shareholders' meeting may be convened if the shareholders intending to attend the meeting represent more than half of the company's shares with voting rights; otherwise, the company shall, within five days, notify the shareholders again the matters to be discussed at the meeting, and the date and venue of the meeting by making announcement. The company may convene the shareholders' meeting upon the announcement.

Voting at Shareholders' Meetings

Under the Companies Ordinance, an ordinary resolution is passed by a simple majority of affirmative votes cast by shareholders present in person, or by proxy, at a general meeting, and a special resolution is passed by not less than three-fourths of affirmative votes casted by shareholders present in person, or by proxy, at a general meeting.

Under the PRC Company Law, the passing of any resolution requires more than one-half of the affirmative votes held by our shareholders present at a shareholders' meeting except in cases such as proposed amendments to our articles of association, increase or decrease of registered capital, merger, division, dissolution or transformation, which require two-thirds of the affirmative votes cast by shareholders present at a shareholders' general meeting.

Financial Disclosure

Under the PRC Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial report 20 days before its shareholders' annual general meeting. In addition, a joint stock limited company of which the shares are publicly issued must publish its financial report. The Companies Ordinance requires a company incorporated in Hong Kong to send to every shareholder a copy of its financial statements, auditors' report and directors' report, which are to be presented before the company's annual general meeting, not less than 21 days before such meeting. Pursuant to the Mandatory Provisions, a company must, in addition to preparing financial statements according to the PRC GAAP, laws and regulations, have its financial statements prepared in accordance with international accounting standards or the accounting standards of the overseas place where the shares of the company are listed, and the notes attached to the financial statements must also contain a statement of the material differences (if any) between the financial statements prepared in accordance with two accounting standards respectively. The lower of the after-tax profits of a specific fiscal year stated in the above said two financial statements shall prevail in the allocation of such profits. The company shall publish its financial reports twice in each accounting year. An interim financial report shall be published within 60 days after the end of the first six months of each accounting year, while an annual financial report shall be published within 120 days after the end of each accounting year.

The Special Regulations require that there should not be any contradiction between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

Information on Directors and Shareholders

The PRC Company Law gives shareholders the right to inspect the articles of association, minutes of the shareholders' general meetings, share register, counterfoil of company debentures, resolutions of board meetings, resolutions of the supervisory committee meetings and financial and accounting reports, which is similar to the shareholders' rights of Hong Kong companies under Hong Kong law.

Receiving Agent

Under the Hong Kong law, dividends once declared are debts payable to shareholders, and the limitation period for debt recovery action is six years. Pursuant to the Mandatory Provisions and the Letter of Opinions on Supplementary Amendments to the Articles of Associate by Companies to be Listed in Hong Kong, a company shall appoint a trust company registered under the Hong Kong Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as a receiving agent to receive on behalf of holders of overseas listed foreign shares listed in Hong Kong dividends distributed and other payments due by the company.

Corporate Reorganization

Corporate reorganization involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of voluntary winding up to another company pursuant to Section 237 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its shareholders under Section 237 and Division 2 of Part 13 of the Companies Ordinance, which requires the sanction of the court. In addition, subject to the shareholders' approval, an intra-group wholly-owned subsidiary company may also be amalgamated horizontally or vertically under the Companies Ordinance.

Under PRC law, merger, division, dissolution or change the form of a joint stock limited company has to be approved by shareholders in general meeting.

Dispute Arbitration

In Hong Kong, disputes between shareholders on the one hand, and a company incorporated in Hong Kong or its directors on the other hand, may be resolved through legal proceedings in the courts. The Mandatory Provisions provide that disputes between shareholders of overseas listed foreign shares and the company, shareholders of overseas listed foreign shares and the directors, supervisors and senior management personnel of the company, shareholders of overseas listed foreign shares and shareholders of domestic shares, except under certain exceptional situations, should be submitted to arbitration at either the HKIAC or the China International Economic and Trade Arbitration Commission, at the claimant's choice. An award made by the arbitral tribunal shall be final and have binding force on the parties concerned.

Statutory Reserve Fund Withdrawal

Under the PRC Company Law, when a joint stock limited company allocating the after-tax profits of the current year, the company shall allocate (10) ten percent of its profit to the statutory common reserve fund. There are no corresponding provisions under Hong Kong law.

Remedies of the Company

Under the PRC Company Law, if a director, supervisor or senior management in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or senior management should be responsible to the company for such damages. In addition, the Listing Rules require listed companies' articles of association to provide for remedies of the company similar to those available under Hong Kong law (including rescission of the relevant contract and recovery of profits from a director, supervisor or senior management).

Dividends

The company has the power in certain circumstances to withhold, and pay to the relevant tax authorities, any tax payable under PRC law on any dividends or other distributions payable to a shareholder. Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is three years. The company must not exercise its powers to forfeit any unclaimed dividend in respect of shares until after the expiry of the applicable limitation period.

Fiduciary Duties

In Hong Kong, directors owe fiduciary duties to the company, including the duty not to act in conflict with the company's interests. Furthermore, the Companies Ordinance has codified the directors' statutory duty of care.

Under the PRC Company Law, the directors, supervisors and senior management should be loyal and diligent to the company. Under the Mandatory Provisions, the directors, supervisors and senior management, when performing their duties, must abide by the principle of sincerity and shall not place themselves in the situations where their interests may conflict with their obligations, and shall perform certain obligations including but not limited to, not engaging in any activities which compete with or damage the interests of the company without the knowledge and approval of the shareholders' general meeting.

Closure of Register of Shareholders

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days under certain circumstances) in a year, whereas, as required by the Mandatory Provisions, changes in the register of members as a result of share transfers shall not be registered within 30 days before the date of a shareholders' general meeting or within five days before the base date set for the purpose of distribution of dividends.

SUMMARY OF ARTICLES OF ASSOCIATION

Set out below is a summary of the principal provisions of *the Articles of Association of ImmuneOnco Biopharmaceuticals (Shanghai) Inc.* (the "**AoA**"). The main purpose of this appendix is to provide an overview of the AoA for prospective investors, and therefore it may not contain all the information that is important to prospective investors.

Shares

Issuance of Shares

The Company shall have ordinary shares at all times. The Company may create other classes of shares if necessary, upon approval by the departments authorized by the State Council. Each share of the same class shall have equal rights.

All the shares issued by the Company shall have a par value indicated in Renminbi, which shall be 1 yuan for each share.

The Company may **[REDACTED]** shares to domestic investors and overseas investors upon the approval by the securities regulatory authority under the State Council. After the plan of issuance of overseas **[REDACTED]** foreign shares and domestic shares by the Company is approved by the securities regulatory authority under the State Council, the board of directors of the Company may make implementation arrangement for the respective issuance. The plan of the Company to **[REDACTED]** respectively overseas **[REDACTED]** foreign shares and domestic shares as prescribed in the preceding paragraph may be implemented separately within 15 months after the approval date of the securities regulatory authority under the State Council.

Increase, Reduction and Repurchase of Shares

Increase of Registered Capital

The Company may, based on its operating and development needs and in accordance with the laws and regulations, increase its registered capital by the following methods, subject to the resolutions adopted respectively by the shareholders' general meeting: (i) public offering, (ii) private offering, (iii) placing or allotting new shares to existing shareholders, (iv) capitalizing its capital reserve, or (v) other methods stipulated by laws and administrative regulations and approved by the relevant regulatory authority.

If the Company increases its registered capital by issuing new shares, after the increase of registered capital has been approved in accordance with the provisions of this AoA, it shall be conducted in accordance with the procedures set out in the relevant laws and administrative regulations of the PRC and *the Hong Kong Listing Rules*.

Reduction of Registered Capital

The Company may reduce its registered capital. The reduction in registered capital shall be conducted in accordance with the procedures set out in *the Company Law of the PRC* (中華人民共和國公司法) (the "***Company Law***"), other relevant regulations and this AoA.

Repurchase of Shares

The Company may, according to the provisions of the relevant laws, administrative regulations, departmental rules and this AoA, repurchase its shares under the following circumstances: (i) to reduce the registered capital of the Company, (ii) to merge with other companies which hold the shares of the Company, (iii) to use shares for employees stock

ownership plan or equity incentives, (iv) to acquire shares held by shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or demerger of the Company upon their request, (v) to use shares for converting convertible corporate bonds issued by the Company, (vi) necessary to maintain the value and shareholders' equity of the Company, or (vii) other circumstances permitted by laws, administrative regulations, departmental rules and the supervisory regulations of the place where the Company's shares are **[REDACTED]**, etc.

Except for the above circumstances, the Company shall not purchase or sell its shares.

Unless the Company is in the course of liquidation, it shall comply with the following provisions in repurchasing its issued and outstanding shares: (i) where the Company repurchases its shares at par value, payment shall be made out of the book balance of distributable profits of the Company or out of **[REDACTED]** of the **[REDACTED]** of new shares for repurchasing old shares; (ii) where the Company repurchases its shares at a premium to their par value, payment up to the par value shall be made out of the book balance of distributable profits of the Company or out of **[REDACTED]** of **[REDACTED]** of new shares for repurchasing old shares, while payment of the portion in excess of the par value shall be handled as follows: (y) if the shares repurchased were issued at their par value, payment shall be made out of the book balance of distributable profits of the Company, or (z) if the shares repurchased were **[REDACTED]** at a premium to their par value, payment shall be made out of the book balance of distributable profits or out of the proceeds of **[REDACTED]** of new shares for repurchasing old shares, provided that the amount paid out of the proceeds of the issue of new shares shall not exceed the total premium obtained at the time of **[REDACTED]** of the old shares or the current amount of the Company's premium account (or capital common reserve account) (including the premiums from the issue of new shares) at the time of repurchase; (iii) the sums paid by the Company for the purposes set forth below shall be paid out of the Company's distributable profits: (x) acquisition of the right to repurchase its own shares, (y) modification of any contract for repurchasing its own shares, and (z) release from any of the Company's obligations under any repurchase contract; and (iv) after the par value of the canceled shares has been deducted from the registered capital of the Company in accordance with relevant provisions, the amount deducted from the distributable profit for payment of the par value portion of the shares repurchased shall be transferred to the Company's premium account (or capital common reserve account).

If the laws, administrative regulations and relevant rules of the relevant regulatory authorities stipulate otherwise on the financial settlement relating to the aforementioned share repurchase, such stipulation shall apply.

Financial Assistance for Purchase of Shares

The Company or its subsidiaries (including the affiliates of the Company) shall not at any time provide financial assistance to anyone purchasing or proposing to purchase the Company's shares by any means such as gift, advance, guarantee, compensation or loan. The aforementioned persons purchasing the shares of the Company include the persons becoming directly or indirectly liable as a result of the purchase of the shares of the Company.

No financial assistance shall be provided at any time and by any means by the Company or its subsidiaries (including the affiliates of the Company) to reduce or release the obligations of the aforementioned obligors'.

The following shall not be deemed prohibited by this AoA, unless prohibited by the relevant laws, administrative regulations, department rules or normative documents: (i) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interest of the Company, and the principal purpose of giving the financial assistance is not for the acquisition of shares of the Company, or the financial assistance is an incidental part of a master plan of the Company; (ii) the lawful distribution of the Company's assets by way of dividends; (iii) the allotment of bonus shares as dividends; (iv) a reduction in registered capital, repurchase of

shares or reorganization of the shareholding structure of the Company, etc. in accordance with this AoA; (v) the provision of loans by the Company within its scope of business for the ordinary course of its business (provided that the net assets of the Company shall not thereby be reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company), or (vi) the provision of funds by the Company for employee stock ownership plan (provided that the net assets of the Company shall not thereby be reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company).

Share Certificates and Register of Members

Share Certificates

The shares of the Company shall be in registered form. The share certificates of the Company shall contain items provided in *the Company Law* and other items as required by the **[REDACTED]** where the shares of the Company are **[REDACTED]**.

Share certificates shall be executed by the chairman of the board of directors. Where the **[REDACTED]** where the shares of the Company are **[REDACTED]** requires that the share certificates be executed by the general manager or other senior management personnel of the Company, the share certificates shall also be executed by the general manager or other relevant senior management personnel of the Company. Share certificates shall only become valid after being affixed with the seal of the Company or with the seal in printed form. The affixing of the Company's seal on share certificates shall be authorized by the board of directors. The signatures of the chairman of the board of directors, the general manager or other relevant senior management personnel of the Company may be affixed to the share certificates in printed form. Under the conditions of the paperless issuance and trading of the Company's shares, the provisions of the securities regulatory authorities and the **[REDACTED]** where the Company's shares are **[REDACTED]** shall apply.

Register of Members

The Company shall keep a register of members which shall contain the following items, or the shareholders shall be registered pursuant to the laws, administrative regulations, departmental rules and *the Hong Kong Listing Rules*: (i) the name (title), address (domicile), occupation or nature of each shareholder; (ii) the class and number of shares held by each shareholder; (iii) the amount paid or payable on the shares held by each shareholder; (iv) the serial numbers of the shares held by each shareholder; (v) the date on which each shareholder was registered as a shareholder; and (vi) the date on which each shareholder ceased to be a shareholder.

The register of members shall be sufficient evidence of the shareholders' shareholding in Company, unless there is evidence to the contrary.

Any assignment or transfer of shares shall be registered in the register of members. The Company may, in accordance with the understanding and agreement reached between the securities regulatory authorities under the State Council and the overseas securities regulatory authorities, keep the register of members of overseas **[REDACTED]** foreign shares outside the PRC and appoint overseas agencies to keep such register. The original register of members of overseas **[REDACTED]** foreign shares **[REDACTED]** in Hong Kong shall be kept in Hong Kong.

Copies of the register of members of overseas **[REDACTED]** foreign shares shall be kept at the Company's domicile. Appointed overseas agencies shall from time to time maintain the consistency of the original register of members of overseas **[REDACTED]** foreign shares and the copies thereof. The register of members kept in Hong Kong shall be made available to the shareholders, except that the Company may suspend registration of shareholders on terms equivalent to those under the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

In case of any inconsistency between the original and copies of the register of members of overseas **[REDACTED]** foreign shares, the original shall prevail.

The Company shall keep a complete register of members.

A register of members shall contain the following parts: (i) register of members other than those provided in items (ii) and (iii) below and kept at the Company's domicile; (ii) register of members of overseas **[REDACTED]** foreign shares of the Company kept at the place where the **[REDACTED]** where the shares are **[REDACTED]** overseas is located; (iii) register of members kept in other place(s) decided by the board of directors for the purpose of **[REDACTED]** the shares of the Company.

Different parts of the register of members shall not overlap. The transfer of shares registered in a certain part of the register of members shall not, during the continuance of the registration of such shares, be registered in any other part of the register of members.

Changes or corrections to each part of the register of members shall be made pursuant to the laws of the places where that part is kept.

When the Company convenes a general meeting, distributes dividends, is liquidated or engages in other acts requiring the recognition of equity, the board of directors shall decide that a certain date shall be the Record Date. The registered shareholders as of the Record Date shall be the shareholders of the Company.

Any person that challenges the register of members and requests for his/her name (title) to be registered or removed from the register of members may apply to a competent court for correction of the register of members.

If the individual who has his/her name (title) registered or requests to have his/her name registered on the register of members loses his/her/its share certificate (the "**Original Share Certificate**"), he/she/it may apply to the Company for issuing a replacement share certificate with respect to such shares.

The Company is not liable to compensate for any losses incurred by any person as a result of the cancelation of the Original Share Certificates or the issuance of the replacement share certificates, unless such person is able to prove that there is fraud on the part of the Company.

Rights and Obligations of the Shareholders

The shareholders of the Company are those who lawfully hold the shares of the Company and have their names (titles) registered in the register of members. The shareholders shall enjoy the rights and assume the obligations according to the class and amount of the shares they hold. The shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Shareholders of ordinary shares of the Company shall enjoy the following rights:

(i) to receive dividends and other forms of distributions of interest in proportion to their respective shareholdings;

(ii) to attend general meeting in person or by proxy and exercise the corresponding right of speaking and voting;

(iii) to supervise the business operations of the Company and to make recommendations or interrogations;

(iv) to transfer, gift or pledge the shares they hold according to the provisions of laws, administrative regulations and this AoA;

(v) to obtain relevant information in accordance with the AoA, including:

(x) to obtain the AoA upon payment of the cost thereof;

(y) to view via the website of the Hong Kong Stock Exchange and the Company's website: (a) reports on the status of the issued share capital of the Company; (b) reports of the aggregate par value, the number, the maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of last fiscal year, and the aggregate amount paid by the Company for such shares (broken down by domestic shares and foreign shares (and, if applicable, H shares)); (c) the Company's latest audited financial statements and the board of directors', auditors' and supervisory committee' reports thereon; (d) the copy of the latest annual return submitted to the State Administration for Market Regulation or other competent authorities for filing; and (e) special resolutions of the Company;

(z) to view and obtain photocopies of the following documents upon payment of a reasonable charge: (a) full copies of the register of members; and (b) minutes of the general meetings.

The Company shall keep the documents set out in items (z) (a) and (z) (b) above at the address of the Company in Hong Kong for view by the shareholders for free in accordance with the requirements under *the Hong Kong Listing Rules*. If the shareholders request access to such information or materials, they shall provide the Company with written documents evidencing the class and number of the shares held by them in the Company, and upon verification of their status as shareholders, the Company shall provide the shareholders with such information or materials as required by them;

(vi) to participate in the distribution of the Company's remaining assets in proportion to their shareholdings upon termination or liquidation of the Company;

(vii) to request the Company to repurchase the shares of those shareholders who object to a resolution of a general meeting on merger or division of the Company; and

(viii) any other rights prescribed by the laws, administrative regulations, department rules, regulatory rules of the places where the Company's shares are **[REDACTED]** and this AoA.

Shareholders of ordinary shares of the Company shall assume the following obligations:

(i) to abide by the laws, administrative regulations, department rules, regulatory rules of the places where the Company's shares are **[REDACTED]** and this AoA;

(ii) to pay the capital contribution according to the shares subscribed and the method of subscription;

(iii) to be liable to the Company within the limits of the shares they hold;

(iv) not to withdraw the shares unless otherwise provided by the laws and administrative regulations;

(v) not to abuse their shareholders' rights to harm the lawful interests of the Company or other shareholders, and not to abuse the independent legal person status of the Company and the limited liability of the shareholders to harm the lawful interests of any creditor of the Company; shareholders of the Company abusing their shareholder's rights and thereby causing loss to the Company or other shareholders shall be liable for indemnity according to the law; if shareholders of the Company abuse the Company's status as an independent legal person and the limited liability of shareholders for the purpose of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company; and

(vi) other obligations provided by the laws, administrative regulations, regulatory rules of the places where the Company's shares are **[REDACTED]** and this AoA.

Shareholders are not liable for making any further capital contribution other than the conditions as agreed by the subscribers of the relevant shares on subscription.

Restrictions on the Rights of the Controlling Shareholder

Save for the obligations required by the laws, administrative regulations or regulatory rules of the places where the Company's shares are **[REDACTED]**, in exercising his/her/its rights as a shareholder, a controlling shareholder shall not exercise his/her/its voting rights to make the following decisions which would prejudice the interests of all or part of the shareholders: (i) to exempt the directors or supervisors from the obligation to act in good faith in the best interests of the Company; (ii) to authorize the directors or supervisors (in the interests of himself/herself or other persons) to deprive the Company of its properties in any manner, including (but not limited to) any opportunities beneficial to the Company; or (iii) to authorize the directors or supervisors (in the interests of himself/herself or other persons) to deprive the personal interests of other shareholders, including (but not limited to) any distribution rights or voting rights but excluding a reorganization of the Company submitted to and passed at the shareholders' general meeting pursuant to this AoA.

General Meeting

General Provisions of the General Meeting

The general meeting is the authoritative body of the Company and shall exercise the following functions and powers in accordance with the laws: (i) to decide on the operating policies and investment plans of the Company; (ii) to elect and change the directors and supervisors who are not representatives of staff, and decide on the matters relating to the remuneration of the relevant directors and supervisors; (iii) to review and approve reports of the board of directors; (iv) to review and approve reports of the supervisory committee; (v) to review and approve the annual financial budget plans and final account plans of the Company; (vi) to review and approve the profit distribution plans and loss recovery plans of the Company; (vii) to make resolutions on the increase or reduction of the registered capital of the Company; (viii) to make resolutions on the issuance of bonds or other securities and the **[REDACTED]** plans of the Company; (ix) to make resolutions on the merger, division, dissolution, liquidation or change in the form of the Company; (x) to amend this AoA; (xi) to make resolutions on the engagement, removal or discontinuance of engagement of accounting firms of the Company, and the matters relating to the remuneration of the accounting firms; (xii) to review and approve matters relating to external guarantee which shall be approved by the general meetings under this AoA; (xiii) to review and approve the material transactions and related party transactions that shall be reviewed and approved by the general meetings as stipulated by the laws, administrative regulations, regulatory rules of the places where the Company's shares are **[REDACTED]** and this AoA; (xiv) to review the proposals submitted by shareholder(s) holding individually or collectively 3% or more of the shares carrying voting rights

of the Company; (xv) to review and approve the matters relating to change of the use of **[REDACTED]**; and (xvi) to review other matters which shall be determined by the general meetings as stipulated by the laws, administrative regulations, department rules, *the Hong Kong Listing Rules* or this AoA.

The general meetings of the Company include the annual general meetings and the extraordinary general meetings. The annual general meetings shall be convened once a year, and shall be held within six months after the end of the prior fiscal year.

The Company shall hold an extraordinary general meeting within two months upon the occurrence of any of the following events: (i) the number of directors falls short of the number required by *the Company Law* or is less than two-thirds of the number required by this AoA; (ii) the uncovered loss of the Company reaches one-third of the total paid-in capital contribution of the Company; (iii) upon request(s) in written form by shareholder(s) individually or collectively holding more than 10% of the Company's issued and outstanding shares carrying voting rights (shareholding percentage shall be calculated based on the date when the written request is made by the shareholder); (iv) as deemed necessary by the board of directors; (v) proposed by the supervisory committee; and (vi) other circumstances as stipulated by the laws, administrative regulations, department rules, regulatory rules of the place where the shares of the Company are **[REDACTED]** or this AoA.

Proposals of the General Meetings

Where the Company convenes a general meeting, the board of directors, the supervisory committee and shareholder(s) holding individually or collectively 3% or more of the Company's shares may submit a proposal to the Company.

Shareholder(s) holding individually or collectively 3% or more of the Company's shares may submit a temporary proposal in writing to the convener of the general meeting 10 days before the date of the general meeting. The convener shall, within two days after receiving the proposal, send a supplementary notice of the general meeting detailing the content of the temporary proposal.

Save as the circumstances specified above, the convener shall not amend the proposals having been set out in the notice of the general meeting or add any new proposal after sending the notice.

The proposals not listed in the notice of the general meeting or inconsistent with the provisions of this AoA shall not be voted and resolved at the general meetings.

Notice of the General Meeting

The written notice of an annual general meeting shall be given to all the shareholders listed on the register of members at least 20 days (excluding the date of the annual general meeting) before the date of the annual general meeting. The written notice of an extraordinary general meeting shall be given to all the shareholders listed on the register of members at least 15 days (excluding the date of the extraordinary general meeting) before the date of the extraordinary general meeting. Where there are other provisions stipulated by the laws, regulations and the securities regulatory authorities of the place where the shares of the company are **[REDACTED]**, such provisions shall prevail.

Unless otherwise provided by the laws, regulations, *the Hong Kong Listing Rules* and this AoA, a notice of a general meeting shall be served to shareholders (regardless of whether or not they have the right to vote at the general meeting) by personal delivery or prepaid mail to the addresses registered in the register of members. For the shareholders of domestic shares, the notice of general meetings may be made in the form of public announcement.

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authorities under the State Council. Once a public announcement is made, it shall be regarded as notice received by all the shareholders of domestic shares.

On the premise of meeting the requirements of the laws, administrative regulations, departmental rules and regulatory rules of the place where the Company's shares are **[REDACTED]** and the fulfillment of relevant procedures, for the shareholders of H shares, the Company may give notice of the general meeting by posting on the websites designated by Hong Kong Stock Exchange and Company's website, instead of sending notice to shareholders of H shares by personal delivery or prepaid mail. Once published, it shall be deemed that all shareholders of overseas **[REDACTED]** foreign shares of the Company have received the notice of the relevant general meeting.

Convention of the General Meetings

Any shareholder entitled to attend and vote at the general meeting may attend general meetings in person or appoint one or several persons (who may not be shareholders) to act as his/her/its proxy to attend and vote at the general meeting on his/her/its behalf.

Shareholders who have appointed proxy(ies) to attend any meeting on their behalf shall be deemed to attend in person. The proxy(ies) so appointed by the shareholder may exercise the following rights: (i) the shareholders' right to speak at the general meeting; (ii) the right to demand a poll by himself/herself/itself or jointly with others; and (iii) the right to exercise voting rights by a show of hands or by a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights by a poll.

The power of attorney issued by the shareholders to appoint other persons to attend the general meeting shall contain the following contents: (i) the name of the proxy; (ii) whether the proxy has the right to vote or not; (iii) the instructions on voting in favor of, against or abstaining from each item listed on the agenda of the general meeting; (iv) the date of issuance and validity period of the power of attorney; and (v) signature (or seal) of the principal. If the principal is a legal person shareholder, the power of attorney shall be affixed with the seal of the legal person or executed by its directors, officially appointed proxy or officially authorized person.

Where there are special provisions on the power of attorney under *the Hong Kong Listing Rules*, such provisions shall prevail.

Individual shareholders attending a general meeting in person shall show their identity cards or other valid proof or evidence of their identities and, in the case of attendance by proxies, the proxies shall show valid proof of their identities and the power of attorney issued by the shareholders.

Where a shareholder is an institution, its legal representative (responsible person) or a proxy authorized by the shareholder shall attend the meeting. In the case of attendance by legal representatives (responsible person), they shall show their identity cards and valid proof of their capacities as legal representatives (responsible person); in the case of attendance by proxies, such proxies shall show their identity cards and the power of attorney in writing issued by such institution shareholder according to the laws (except for the recognized clearing house or its proxy).

The power of attorney shall be deposited at the domicile of the Company or other places designated in the notice of the meeting at least 24 hours before the meeting at which the proxy is authorized to vote or 24 hours before the specified voting time. If the power of attorney is executed by a person authorized by the principal, the authorization letter authorizing the execution

or other authorization documents shall be notarized. The notarized authorization letter or other authorization documents, together with the power of attorney of proxy must be deposited at the domicile of the Company or other places as specified in the notice of the meeting.

If the principal has deceased, been incapacitated, revoked the appointment or withdrawn the executed authorization of appointment or the relevant shares have been transferred before the voting, so long as the Company has not received the written notice in respect of such matters before the concerned meeting, the votes cast by the shareholder's proxy according to the power of attorney is still valid.

When a general meeting is held, all the directors, supervisors and the secretary to the board of directors shall attend the meeting, and the general manager and other senior management personnel shall attend the meeting as nonvoting delegates.

General meetings shall be convened by the board of directors and presided over by the chairman of the board of directors. If the chairman of the board of directors is unable or fails to perform his/her duties, a director elected by more than half of all directors shall preside over the meeting. If no chairman of the meeting is designated, shareholders attending the meeting may elect one person to serve as the chairman. If the shareholders fail to elect a chairman of the general meeting for any reason, the shareholder (including the proxy of shareholder, but excluding Hong Kong Securities Clearing Company Ltd.) attending the meeting who holds the largest number of voting shares shall act as the chairman of the general meeting.

The chairman of the supervisory committee shall preside over the general meeting convened by the supervisory committee. If the chairman of the supervisory committee is unable or fails to perform his/her duties, a supervisor elected by more than half of all supervisors shall preside over the meeting.

A representative elected by the convener(s) shall preside over the general meeting convened by the shareholders.

Voting and Resolutions of the General Meetings

Resolutions of general meetings include ordinary resolutions and special resolutions.

Ordinary resolutions of the general meetings shall be passed by more than half of the voting rights held by the shareholders (including proxies) present at the meeting.

Special resolutions of the general meetings shall be passed by more than two-thirds of the voting rights held by the shareholders (including proxies) present at the meeting.

The following matters shall be passed by ordinary resolutions at a general meeting: (i) the work reports of the board of directors and the supervisory committee; (ii) profit distribution plans and loss recovery plans proposed by the board of directors; (iii) the appointment and removal of members of the board of directors and the supervisory committee and the remuneration and methods of payment thereof; (iv) the Company's annual financial budget reports and final account reports, balance sheets, income sheets and other financial statements; (v) the annual reports of the Company; and (vi) other matters other than those required by the laws, administrative regulations, regulatory rules of the place where the Company's shares are **[REDACTED]** or this AoA to be approved by special resolutions.

The following matters shall be passed by special resolutions at a general meeting: (i) increase or reduction in the registered capital of the Company and issuance of shares of any class, warrants and other similar securities; (ii) issuance of bonds of the Company; (iii) the merger, division, dissolution, liquidation or change in the form of the Company; (iv) amendment to this AoA; (v)

other matters as required by the laws, administrative regulations, department rules and regulatory rules of the place where the shares of the Company are **[REDACTED]** or this AoA and matters which, as resolved by way of an ordinary resolution at a general meeting, will have a material impact on the Company and need to be approved by way of a special resolution.

Shareholders (including proxies) shall exercise their voting rights by the number of voting shares they represent at the general meeting, and each share shall have one vote.

Where any shareholder is required to abstain from voting on a matter under *the Hong Kong Listing Rules* or is restricted to casting only affirmative or negative votes on such matter, such shareholder shall abstain from voting on such matter or vote according to such provisions; and any votes cast by or on behalf of relevant shareholders in breach of such provisions or restrictions shall not be counted in the voting results.

The shares held by the Company have no voting right, and those shares are not included in the total number of voting shares present at the general meeting and will not be deposited to the Central Clearing and Settlement System.

If it is required by the provisions of the laws, administrative regulations or regulatory rules of the place where the shares of the Company are **[REDACTED]** that shareholder shall not exercise any voting right or be restricted to cast only affirmative or negative votes on a specific resolution, then any votes cast by the shareholder or his/her/its proxy in breach of the aforementioned provisions or restrictions shall not be counted in the voting results.

When matters relating to related party transactions are reviewed at a general meeting, the related shareholder(s) and his/her/its contact person shall abstain from voting, the number of voting shares they represent shall not be counted in the total number of valid votes. The announcement of resolutions of the general meeting shall fully disclose the voting of the shareholders who are not related.

When a poll is taken, a shareholder (including his/her/its proxies) entitled to two or more votes does not need to cast all his/her votes as affirmative or negative votes or abstention.

In the event of a tie between for and against, either by show of hands or by poll, the chairman of the meeting is entitled to one additional vote.

Procedures for Voting by Class Shareholders

Shareholders holding different classes of shares shall be class shareholders. Class shareholders shall enjoy the rights and assume the obligations in accordance with the laws, administrative regulations, *the Hong Kong Listing Rules* and this AoA. Class shareholders shall have same rights in dividends or any distribution in other forms.

Rights conferred on any class shareholders shall not be changed or abrogated save with the approval of a special resolution at a general meeting and by the class shareholders concerned at a shareholder's meeting respectively convened in accordance with this AoA.

The following circumstances shall be deemed as change or abrogation of the rights of a certain class shareholder: (i) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class; (ii) to change all or part of the shares of such class into shares of another class or to change all or part of the shares of another class into shares of that class or to grant such conversion rights; (iii) to cancel or reduce the rights to the accrued dividends or cumulative dividends attached to shares of such class; (iv) to reduce or cancel rights attached to the shares of such class to preferentially receive dividends or

distributions of assets in a liquidation of the Company; (v) to add, cancel or reduce share conversion rights, options, voting rights, transfer rights, pre-emptive rights, or rights to acquire securities of the Company attached to the shares of such class; (vi) to cancel or reduce rights to receive amount payable made by the Company in a particular currency attached to the shares of such class; (vii) to create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of such class; (viii) to restrict the transfer or ownership of the shares of such class or to impose additional restrictions; (ix) to issue rights to subscribe for, or to convert into, shares of such class or another class; (x) to increase the rights and privileges of the shares of another class; (xi) to restructure the Company in such a way as to cause shareholders of different classes to undertake liabilities disproportionately during the restructuring; and (xii) to amend or cancel provisions in this chapter.

Class shareholders concerned, whether or not having rights to vote at general meetings originally, shall have the right to vote at class shareholders' meetings in respect of matters referred to in items (ii) to (viii) and (xi) to (xii) above, except that interested shareholders shall not vote at such class shareholders' meetings.

The term "interested shareholders" in the preceding paragraph shall mean: (i) in the case of a buy-back of shares by the Company by way of a general offer to all shareholders in equal proportion or by way of open market transactions in a **[REDACTED]** in accordance with this AoA, the controlling shareholder as defined in this AoA; (ii) in the case of a buy-back of shares by the Company by an off-market agreement in accordance with this AoA, shareholders in relation to such agreement; and (iii) in the case of a proposed restructuring of the Company, shareholders who assume a relatively lower proportion of liabilities than the other shareholders of that class or who have an interest that is different from the general interests of the other shareholders of that class.

Resolution of a class shareholders' meeting shall be passed by two-thirds or more of the total voting rights being held by the shareholders who are present at the class shareholders' meeting according to the preceding paragraph.

Notice of class shareholder's meetings need only be served on shareholders entitled to vote thereat.

Save as otherwise stipulated in this AoA, the procedures of the class shareholder's meetings shall be held in a manner as similar as possible to those of general meetings, and the provisions in this AoA relating to the procedures of convening a general meeting shall apply to the class shareholder's meetings.

Apart from the holders of other classes of shares, the holders of the domestic shares and overseas-**[REDACTED]** foreign shares shall be deemed to be shareholders of different classes. The special procedures for voting by class shareholders shall not apply to the following circumstances: (i) where the Company issues domestic shares and overseas-**[REDACTED]** foreign shares either separately or concurrently every twelve months upon the approval by a special resolution of its general meeting, and the number of the domestic shares and overseas-**[REDACTED]** foreign shares to be issued does not exceed 20% of the issued and outstanding shares of that class respectively; (ii) where the Company's plan to issue domestic shares and overseas-**[REDACTED]** foreign shares at the time of its establishment is completed within fifteen months from the date of approval of the securities regulatory authorities under the State Council; and (iii) where, with the approval of the securities regulatory authorities under the State Council and the consent of the Hong Kong Stock Exchange, the shareholders of domestic unlisted shares of the Company transfer the shares to overseas investors, or such shareholders are approved to convert all or part of the domestic unlisted shares they hold to overseas listed shares, and the transferred or converted shares are **[REDACTED]** and **[REDACTED]** on an overseas securities exchange.

Directors and the Board of Directors

Directors

Directors shall be elected or replaced at the general meeting. The term of office of a director is three years, and a director may be re-elected and serve consecutive terms upon expiration of the term.

The term of office of a director shall commence from the date of him/her assuming office until expiry of the term of the prevailing session of the board of directors. If the term of office of a director expires but re-election is not made forthwith, before the re-elected director takes office, such retiring director shall continue to perform his/her duties as a director pursuant to the requirements of the laws, administrative regulations, departmental rules and this AoA.

Any person appointed by the board of directors to fill a casual vacancy of the board of directors or as an addition to the board of directors shall only hold office until the first annual general meeting after his/her appointment and that person shall then be eligible for re-election and re-appointment.

Save as otherwise prescribed in the laws, regulations and regulatory rules of the place where the shares of the Company are **[REDACTED]**, the shareholders shall have the right to remove a director whose term of office has not yet expired by ordinary resolution at a general meeting, provided that any claim for damages under any contract by such director will not be affected by such removal.

General manager or other senior management personnel may concurrently serve as directors, but the total number of directors who concurrently serving as general manager or other senior management personnel shall not exceed 1/2 of the total number of the directors of the Company.

Board of Directors

The Company has set up a board of directors, which shall be accountable to the general meetings.

The board of directors consists of 9 directors and has one chairman. At all times, at least one-third of the board of directors shall be independent non-executive directors, and the total number of independent non-executive directors shall not be less than three, among whom there shall be at least one independent non-executive director with appropriate professional qualifications meeting the regulatory requirements, or with appropriate accounting or relevant financial management expertise.

The board of directors shall exercise the following functions and powers: (i) to convene the general meetings and report its work to the general meeting; (ii) to implement the resolutions of the general meeting; (iii) to decide on the business plans and investment schemes of the Company; (iv) to formulate the Company's annual financial budget plan and final account plan; (v) to formulate the Company's profit distribution plan and loss recovery plan; (vi) to formulate the proposals for the increase or reduction in the Company's registered capital, and plans for the issuance of bonds or other securities and listing; (vii) to draw up plans for merger, division, dissolution and change in the form of the Company; (viii) to review and approve the guarantee matters of the Company within the scope of authorization by the general meeting or to the extent not meeting the standards to be reviewed and approved by the general meeting; (ix) to decide on the external investment, acquisition and disposal of assets, asset mortgage, external guarantee, entrusted wealth management, related party transactions (excluding the transactions between the Company and its subsidiaries), external financing, etc. of the Company within the scope of authorization by the general meeting or in accordance with the provisions of the listing rules of the stock exchange where the Company's shares are listed; (x) to decide on the set-up of the

Company's internal management organization; (xi) to decide on the appointment or removal of the Company's general manager and secretary to the board of directors, and to decide on the appointment or removal of the Company's other senior management personnel such as the deputy general manager, chief financial officer, senior research and development director, and to decide on the remuneration matters thereof; (xii) to formulate the Company's basic management system; (xiii) to formulate proposals for the amendment to this AoA; (xiv) to review the stock incentive plan of the Company; (xv) to propose to the general meeting the appointment or replacement of the accounting firm which audits for the Company; (xvi) to listen to the work report of the general manager of the Company and to examine the work of the general manager; (xvii) to manage information disclosure of the Company; and (xviii) other functions and powers conferred by the laws, administrative regulations, department rules, regulatory rules of the place where the shares of the Company are listed and this AoA.

Save for items (vi), (vii) and (xiii) which shall be approved by more than two-thirds of the directors, resolutions made by the board of directors may be approved by more than half of the directors.

The board of directors discuss matters by convening board meetings. Board meetings include regular board meetings and interim board meetings. Regular board meeting shall be convened at least 4 times a year by the chairman of the board of directors.

A board meeting shall be held with the attendance of more than half of the directors. When the board of directors makes a resolution, it must be passed by more than half of the directors. When voting at a board meeting, each director has one vote. When there is a tie between negative and affirmative votes, the chairman of the board of directors has another vote.

The directors shall attend the board meetings in person. Where any director is unable to attend for any reason, he/she may authorize another director in writing to attend on his/her behalf. The power of attorney shall specify the name of the proxy, matters to be represented, scope of authorization and validity term and shall bear the signature or seal of the principal. The director who attends the board meeting on behalf shall exercise the director's rights within the scope of authorization. Where a director does not attend a board meeting and does not appoint a proxy to attend on his/her behalf, he/she shall be deemed to have forfeited his/her voting rights at the said meeting.

A director or any of his/her close associates having a material interest in or connection with any matter proposed by the board of directors shall be prohibited from voting on such resolution or voting as proxy for another director when such matter is reviewed by the board of directors, and shall not be counted in the quorum present at the meeting. The board meeting may be held if more than half of the unrelated directors attend the meeting, and the resolutions of the board meeting shall be passed by more than half of the unrelated directors present at the meeting. Where the number of unrelated directors present at the board meeting is less than three, the matter shall be submitted to the general meeting for deliberation. Where provisions are set out otherwise in *the Hong Kong Listing Rules*, such provisions shall prevail.

If any related shareholder or director, from the perspective of the board of directors, has any major conflict of interest in the matters to be considered by the board of directors, the relevant matters shall be dealt with at a board meeting (rather than by a written resolution). Independent non-executive directors who themselves and whose close associates have no material interests in the transactions shall attend the relevant board meetings.

Borrowing Powers

The Articles of Association do not contain any special provision in respect of the manner in which borrowing powers may be exercised by the Directors, other than provisions which (a) give the Board the power to formulate proposals for the issuance of corporate bonds by the Company; and (b) require the issuance of corporate bonds to be approved by the Shareholders in general meeting by way of a special resolution.

Secretary to the Board of Directors

The Company has a secretary to the board of directors. The secretary to the board of directors shall be natural person with necessary professional knowledge and experience and appointed by the board of directors. The main responsibilities of the secretary to the board of directors are: (i) to ensure that the Company has complete organizational documents and records; (ii) to ensure that the Company prepares and submits reports and documents required by the competent authorities according to the laws; and (iii) to ensure that the register of members of the Company is properly established and that those entitled to access the relevant records and documents of the Company obtain the relevant records and documents in time.

The directors or other senior management personnel of the Company may concurrently serve as the secretary to the board of directors. However, any accountants of the accounting firm engaged by the Company shall not concurrently serve as the secretary to the board of directors of the Company.

Supervisors and the Supervisory Committee

Supervisors

The Directors, general manager and other senior management personnel shall not concurrently serve as supervisors.

The term of office of a supervisor is three years. A supervisor may be re-elected and serve consecutive terms upon expiration of his/her term of office. If the term of office of a supervisor expires but re-election is not made forthwith, or a supervisor resigns prior to the expiration of his/her term of office and the number of the members of the supervisory committee therefore does not constitute a quorum, before the re-elected supervisor takes office, such retiring supervisor shall continue to perform his/her duties as a supervisor pursuant to the provisions of the laws, administrative regulations and this AoA.

Supervisors may attend the board meetings as nonvoting delegates and make inquiries or recommendations on the matters to be reviewed by the board of directors.

Supervisory Committee

The Company has set up a supervisory committee. The supervisory committee consists of three supervisors and has one chairman. The appointment or dismissal of the chairman of the supervisory committee shall be approved by more than half of all the supervisors.

The chairman of the supervisory committee convenes and presides over the meetings of the supervisory committee. In the event the chairman of the supervisory committee is unable or fails to perform his/her duties, a supervisor appointed jointly by more than half of the supervisors shall convene and preside over the meetings of the supervisory committee.

The supervisory committee shall include shareholder representatives and an appropriate proportion of employee representatives, which shall be no less than one-third. The employee representatives in the supervisory committee shall be democratically elected and removed at employee representatives' meeting, employees' general meeting or otherwise, while the shareholder representatives in the supervisory committee shall be elected and removed by the general meeting.

The supervisory committee shall be accountable to the general meeting and exercise the following functions and powers according to the laws: (i) to examine the financial status of the Company; (ii) to supervise the performance of duties by the directors and senior management personnel, and to propose to remove the directors or the senior management personnel in violation of the laws, administrative regulations, this AoA or resolutions of the general meetings; (iii) to require the directors and senior management personnel to correct their conducts that harm the interest of the Company; (iv) to propose to hold an extraordinary general meeting, and to convene and preside over the general meeting when the board of directors fails to fulfill its duty to convene and preside over the general meeting specified by *the Company Law* and this AoA; (v) to submit proposals to the general meetings; (vi) to negotiate with the directors and senior management personnel on behalf of the Company or bring lawsuits against the directors and senior management personnel; (vii) to conduct an investigation where the operation of the Company is found to be abnormal, and to engage professional organizations such as accounting firms and law firms to provide assistance when necessary; (viii) to check the financial materials such as financial reports, business reports and profit distribution plans to be submitted by the board of directors to the general meeting and, in case of doubt, to engage certified public accountants and practicing auditors in the name of the Company to assist in the re-audit; and (ix) other functions and powers as conferred by this AoA.

The meetings of supervisory committee include regular meetings and interim meetings. The regular meetings of supervisory committee shall be convened at least every six months and twice a year by the chairman of the supervisory committee. A supervisor may propose to convene an interim meeting of supervisory committee.

Each supervisor shall have one vote. The supervisors shall attend the meetings of the supervisory committee in person. Where any supervisor is unable to attend the meetings of the supervisory committee for any reason, he/she may authorize another supervisor in writing to attend on his/her behalf. The power of attorney shall specify the name of the proxy, matters to be represented, scope of authorization and validity term and shall bear the signature or seal of the principal. The supervisor who attends the meeting on behalf shall exercise the supervisor 's rights within the scope of authorization.

Resolutions of the supervisory committee shall be passed by more than half of the supervisors.

General Manager and Other Senior Management Personnel

The Company has one general manager, one deputy general manager, one chief financial officer, one senior research and development director and one secretary to the board of directors. The general manager, deputy general manager, chief financial officer, senior research and development director and secretary to the board of directors are the senior management personnel of the Company, and shall be appointed or dismissed by the board of directors.

Persons who serve as the executive directors or senior management personnel at the controlling shareholder, actual controller and their close associates (as defined in *the Hong Kong Listing Rules*) of the Company shall not serve as the senior management personnel of the Company.

The term of office of a general manager is three years. A general manager may be re-engaged and serve consecutive terms upon expiration of the term of office.

The general manager shall be accountable to the board of directors and exercise the following functions and powers: (i) to lead the management of production and operation of the Company, to organize the implementation of the resolutions of the board of directors, and to report to the board of directors; (ii) to organize the implementation of the Company's annual business schemes and investment plans; (iii) to draft the plans for the set-up of internal management organizations of the Company; (iv) to draft the basic management system of the Company; (v) to formulate the specific rules of the Company; (vi) to propose to the board of directors to engage or dismiss the deputy general manager, chief financial officer, senior research and development director and other senior management personnel of the Company; (vii) to decide on the engagement or dismissal of the management staff other than those required to be engaged or dismissed by the board of directors; and (viii) other functions and powers conferred by this AoA or the board of directors.

The general manager shall attend the board meetings as nonvoting delegates. Where a general manager does not serve as a director of the Company, such general manager shall have no voting rights at the board meetings.

The deputy general manager, chief financial officer and senior research and development director shall be proposed by the general manager and be engaged or dismissed by the board of directors.

Qualification and Obligations of the Directors, Supervisors, General Manager and Other Senior Management Personnel of the Company

None of the persons under any of the following circumstances shall serve as the directors, supervisors, general manager or other senior management personnel of the Company: (i) being without civil capacity or having limited civil capacity; (ii) having been penalized or sentenced due to corruption, bribery, encroachment on property, misappropriation of property or disruption of socialist market economic order, or having been deprived of political rights due to the committing of any crime, and in each case, less than five years have elapsed since the completion of the implementation of the relevant penalty, sentence or deprivation; (iii) having been a former director, factory director or general manager of a company or enterprise which had been bankrupt and liquidated due to mismanagement whereby such person was personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of completion of the bankruptcy or liquidation of the company or enterprise; (iv) having been the legal representative of a company or enterprise, of which the business license was revoked, and whereby such person was personally liable, and less than three years have elapsed since the date of revocation of the business license of the company or enterprise; (v) being a debtor personally liable for a relatively large debt which has not been paid as it fell due; (vi) having been subject to an investigation by judicial authorities for violation of the criminal law and the lawsuit is not settled yet; (vii) being prohibited from serving as senior management personnel of enterprises by the laws and administrative regulations; (viii) being non-natural person; (ix) being prohibited from participating in securities market by the China Securities Regulatory Commission and such barring period has not elapsed; (x) having been convicted by the relevant competent authorities for violations of relevant securities regulations and involves fraudulent or dishonest actions, where less than five years have elapsed since the date of conviction; and (xi) other circumstances prescribed by the laws, administrative regulations, department rules, normative documents and the relevant regulatory authorities.

Any election, appointment or engagement of directors, supervisors, general manager or other senior management personnel in violation of this Clause shall be null and void. Any director, supervisor, general manager or other senior management personnel who falls within one of the above circumstances in this Clause during his/her term of office shall be precluded from his/her duties by the Company.

Apart from the obligations required by the laws, administrative regulations or the **[REDACTED]** rules of the **[REDACTED]** where the shares of the Company are **[REDACTED]**, the directors, supervisors, general manager and other senior management personnel of the Company shall assume the following obligations to each shareholder in the exercise of their functions and powers conferred by the Company: (i) to make sure the Company not to exceed the business scope as stipulated in its business license; (ii) to act in good faith in the best interest of the Company; (iii) not to deprive the Company of its properties in any way, including (but not limited to) any opportunities beneficial to the Company; and (iv) not to deprive the shareholders of their personal rights and interests, including (but not limited to) distribution rights and voting rights, but excluding the restructuring of the Company submitted to and adopted by the general meeting in accordance with this AoA.

The directors, supervisors, general manager and other senior management personnel of the Company shall act with care, diligence and skills that a reasonable and prudent person would act with under similar circumstances in the exercise of their rights or performance of their obligations.

The directors, supervisors, general manager and other senior management personnel of the Company must abide by the principle of good faith when performing their functions and duties, and shall not place themselves in the situation where their own interests may conflict with their obligations. Such principle includes (but not limited to) performance of the following obligations: (i) to act in good faith in the best interest of the Company; (ii) to exercise powers within the scope of their functions and powers and shall not go beyond such scope; (iii) to exercise the discretion conferred upon them personally and shall not be manipulated by others, and such discretion shall not be transferred to others, unless permitted by the laws or administrative regulations, or approved by the general meetings with knowledge thereof; (iv) shareholders of the same class shall be treated equally and shareholders of different classes shall be treated fairly; (v) not to enter into contracts, transactions or arrangements with the Company, unless otherwise prescribed by this AoA or permitted by the general meeting with knowledge thereof; (vi) not to use the properties of the Company for their own benefits in any manner without the consent of the general meeting with knowledge thereof; (vii) not to make use of their functions and powers to accept bribes or other unlawful income or deprive the Company of its properties including (but not limited to) any opportunities beneficial to the Company; (viii) not to accept commissions relating to transactions with the Company without the consent of the general meeting with knowledge thereof; (ix) to abide by this AoA, to perform duties faithfully and protect the interests of the Company, not to make use of their positions, functions and powers in the Company to obtain personal interests for themselves; (x) not to compete with the Company in any manner without the consent of the general meeting with knowledge thereof; (xi) not to misappropriate the funds of the Company or lend the funds of the Company to others, not to deposit the properties of the Company in the accounts opened in their personal names or other names, not to provide guarantees for the shareholders of the Company or other personal debts with the properties of the Company unless otherwise prescribed by the laws, regulations and this AoA; (xii) not to divulge confidential information relating to the Company obtained during their terms of office without the consent of the general meeting with knowledge thereof, and not to use such information unless for the interests of the Company, but the information may be disclosed to the courts or other competent government authorities under the following circumstances: (x) where it is stipulated by the laws; (y) where it is required by public interests; or (z) where it is required by the personal interests of such directors, supervisors, general manager and other senior management personnel.

If the directors, supervisors, general manager and other senior management personnel of the Company have material interests in the contracts, transactions and arrangements entered into or proposed to be entered into by the Company (except for the employment contracts between the Company and the directors, supervisors, general manager and other senior management personnel) directly or indirectly, whether the relevant matters are subject to the approval by the board of directors under normal circumstances or not, the nature and extent of their interests shall be disclosed to the board of directors as soon as possible.

The directors shall not vote in respect of any agreement or arrangement or any other proposed resolution of the board of directors where they themselves or any of their close associates have material interests, and shall not be counted in determining the quorum. Where provisions are set out otherwise in *the Hong Kong Listing Rules*, such provisions shall prevail.

Provision of Loans to the Directors, supervisors, general manager and other senior management personnel

The Company shall not directly or indirectly provide loans or loan guarantees to the directors, supervisors, general manager and other senior management personnel of the Company, or provide loans or loan guarantees to the related persons thereof.

The preceding provisions shall not apply to the following circumstances: (i) loans or loan guarantees provided by the Company to its subsidiaries; (ii) loans, loan guarantees or other funds provided by the Company to the directors, supervisors, general manager and other senior management personnel of the Company pursuant to their employment contracts approved by the general meeting, to make payments for the purposes of the Company or for the expenses incurred in performing their duties and responsibilities for the Company; and (iii) where the normal scope of business of the Company includes the provision of loans and loan guarantees, loans and loan guarantees can be provided by the Company to the relevant directors, supervisors, general manager and other senior management personnel and their related persons, provided that the terms and conditions of such loans and loan guarantees shall be normal commercial terms and conditions.

Remuneration of the Directors and Supervisors

The Company shall enter into contracts in writing with the directors or supervisors with respect to their remuneration subject to prior approval by the general meeting, which includes: (i) the remuneration as the directors, supervisors or senior management personnel of the Company; (ii) the remuneration as the directors, supervisors or senior management personnel of the subsidiaries of the Company; (iii) the remuneration for the provision of other service to the management of the Company and its subsidiaries; and (iv) the payment received by such directors or supervisors as compensation for their loss of office or for their retirement.

The directors or supervisors shall not sue the Company for the benefits owed to them with respect to the aforementioned matters, except in accordance with the contracts aforementioned.

The Company shall disclose to the shareholders the information about the remuneration received by the directors, supervisors and senior management personnel from the Company regularly.

The contract entered into by the Company and the directors and supervisors with respect to the remuneration shall provide that in the event of a takeover of the Company, the directors and supervisors of the Company, subject to the prior approval by the general meeting, are entitled to receive compensation or other payment for loss of their office or for their retirement. The term "a takeover of the Company" aforementioned shall refer to any of the following circumstances: (i) a tender offer to all the shareholders made by anyone; or (ii) a tender offer aiming at making the offeror the controlling shareholder made by anyone.

If the relevant directors or supervisors fail to comply with this Clause, any payment received by them shall belong to those persons that have sold their shares as a result of their acceptance of foregoing offer, and the expenses incurred from the distribution of such payment on a pro rata basis shall be borne by the relevant directors and supervisors and shall not be paid out of such payment.

Financial and Accounting System

The Company shall establish its financial and accounting systems in accordance with the laws, administrative regulations and the provisions of relevant PRC authorities. Where the securities regulatory authorities of the place where the shares of the company are **[REDACTED]** provide otherwise, such provisions shall prevail.

The fiscal year of the Company shall be the calendar year, commencing from January 1 and ending on December 31 of each calendar year. The Company shall prepare financial reports at the end of each fiscal year, which shall be subject to examination and verification as required by the laws.

The board of directors shall submit to the shareholders, at each annual general meeting, the financial reports prepared by the Company in accordance with the relevant laws, regulations, rules and regulatory documents.

The financial reports mentioned in the preceding paragraph shall include the report of the board of directors together with the balance sheet (including all documents required by the relevant laws and administrative regulations) and the income statement (profit statement) or the income and expenditure settlement statement (cash flow statement), or the summary financial report complying with the relevant laws and administrative regulations and approved by the Hong Kong Stock Exchange.

The financial reports of the Company shall be kept in the Company and be accessible to shareholders 20 days before the convening of the annual general meeting. Every shareholder of the Company shall be entitled to access the financial reports mentioned in this chapter.

Except as otherwise provided in this AoA, the Company shall at least send the said reports to each shareholder of overseas **[REDACTED]** foreign shares by pre-paid post at the address registered on the register of members. However, for shareholders of overseas **[REDACTED]** shares, provided that the requirements of the laws, administrative regulations and the securities regulatory authorities of the place where the shares of the Company are **[REDACTED]** are satisfied, the said reports may be served by publishing on the website of the Company, the website of the Hong Kong Stock Exchange and other websites prescribed by *the Hong Kong Listing Rules* from time to time.

The financial statements of the Company shall be prepared according to the accounting standards and regulations of the PRC, as well as the international accounting standards or the accounting standards of the place where the shares of the Company are **[REDACTED]** overseas. If there are any significant discrepancies between the financial statements prepared respectively in accordance with the two different accounting standards, such discrepancies shall be indicated in the notes to the financial statements. In the event the Company distributes the after-tax profits of the relevant fiscal years, the lower after-tax profit in the aforementioned two kinds of financial statements shall prevail.

The interim results or financial information published or disclosed by the Company shall be prepared according to the accounting standards and regulations of the PRC, as well as the international accounting standards or the accounting standards of the place where the shares of the Company are **[REDACTED]** overseas.

The Company shall publish the financial report twice each fiscal year, namely, publish the interim financial report within 60 days after the end of the first 6 months of the fiscal year, and publish the annual financial report within 120 days after the end of the fiscal year. Where the laws, regulations and securities regulatory authorities of the place where the shares of the Company are **[REDACTED]** provide otherwise, such provisions shall prevail.

Profit Distribution

When the Company distributes the after-tax profits of the current year, it shall allocate 10% of the profits into the statutory reserve fund. If the accumulated amount of the statutory reserve fund reaches 50% of the registered capital, the Company is released from the obligation of withholding statutory reserve fund.

Where the Company's statutory reserve fund is insufficient to cover the previous year's losses, the Company shall first use the profits of the current year to cover the losses before withholding the statutory reserve fund according to the preceding paragraph.

After the Company withholds the statutory reserve fund from the after-tax profit, it may further withhold optional reserve fund from the after-tax profit upon resolution by the general meeting.

The remaining after-tax profits of the Company after making up the losses and withholding the reserve funds may be distributed according to the proportion of shares held by the shareholders, unless it is provided in this AoA not to distribute according to the proportion of shares held.

Where the general meeting, in violation of the preceding paragraph, distributes the profits to the shareholders before the Company makes up the losses and withholds the statutory reserve fund, the shareholders must return the profits distributed in violation of the provisions to the Company.

The Company's shares held by the Company shall not participate in the distribution of profits.

After the general meeting makes a resolution on the profit distribution plan, the board of directors shall complete the distribution and payment of dividends (or shares) within two months of the general meeting.

The Company may distribute profits in cash, shares or other forms permitted by the laws, administrative regulations, department rules and regulatory rules of the place where the shares of the Company are **[REDACTED]**. Cash dividends and other distributions declared by the Company to the holders of domestic shares shall be paid in Renminbi. Cash dividends and other distributions declared by the Company to the holders of overseas **[REDACTED]** foreign shares shall be denominated and declared in Renminbi, and paid in foreign currencies or Renminbi. Foreign currencies for the payment of cash dividends and other distributions by the Company to the holders of overseas **[REDACTED]** foreign shares shall be distributed pursuant to the relevant regulations on the administration of foreign exchange of the PRC.

The Company shall appoint collection agents for the holders of overseas **[REDACTED]** foreign shares. The collection agents shall receive the dividends and other amount payable by the Company with respect to the overseas **[REDACTED]** foreign shares on behalf of the relevant shareholders. The collection agent appointed by the Company shall satisfy requirements of the laws and the relevant provisions of the stock exchange of the place where the shares of the Company are **[REDACTED]**. The collection agent of the shareholders of overseas listed foreign shares **[REDACTED]** in Hong Kong appointed by the Company shall be a trust company registered in accordance with *the Trustee Ordinance of Hong Kong*.

Dissolution and Liquidation of the Company

The Company shall be dissolved due to any of the following reasons: (i) the general meeting resolves to dissolve the Company; (ii) the dissolution is required due to merger or division of the Company; (iii) the Company was declared bankrupt according to the laws due to its failure to repay debts due; (iv) the business license of the Company is revoked, or the Company is ordered to close down or revoked in accordance with laws; (v) shareholders holding 10% or more of all the voting rights of the Company applies to the People's Court for dissolution when the Company experiences severe difficulties in its operations and management and continual operation of the Company will bring significant losses to the interest of Shareholders and there are no other way to resolve the difficulties; and (vi) the occurrence of other events of dissolution as provided by this AoA.

Where the Company is dissolved in accordance with the provisions of items (i), (iv), (v) and (vi) above, a liquidation committee shall be established within 15 days of the occurrence of the events of dissolution and commence liquidation. The liquidation committee shall consist of persons determined by the board of directors or the general meeting. If the Company fails to set up the liquidation committee within the period, the creditors may apply to the People's Court for appointment of relevant persons to form a liquidation committee and carry out liquidation.

The voluntary dissolution of the Company by the resolution of the general meeting as prescribed in item (i) above shall be passed by more than two-thirds of the voting rights held by the shareholders attending the general meeting.

Where the Company is dissolved in accordance with item (iii) above, the People's Court shall organize the shareholders, relevant institutions and relevant professionals to set up a liquidation committee to carry out liquidation according to the provisions of the relevant laws.

During the liquidation period, the liquidation committee shall perform the following functions and powers: (i) to sort out the Company's properties, and to prepare a balance sheet and a list of properties respectively; (ii) to notify the creditors and make public announcement; (iii) to deal with the unfinished business of the Company with respect to the liquidation; (iv) to pay up all outstanding tax and tax incurred in the course of liquidation; (v) to settle credits and debts; (vi) to dispose the remaining properties after settlement of the Company's debts; and (vii) to participate in civil litigations on behalf of the Company.

The liquidation committee shall give notice to the creditors within 10 days after its establishment and publish announcements on newspapers within 60 days. The creditors shall claim their credits to the liquidation committee within 30 days after receipt of such notice, or within 45 days after the date of the announcement if no notice is received.

When claiming credits, a creditor shall explain the relevant information of the credits and provide supporting materials. The liquidation committee shall register the credits.

During the period of credits claiming, the liquidation committee shall not make any debt repayment to the creditors.

After the liquidation committee has sorted out the properties of the Company and prepared the balance sheet and the list of properties, the liquidation committee shall formulate a liquidation plan and present it to the general meeting or to the People's Court for confirmation.

For the remaining properties of the Company after payment of liquidation expenses, remuneration, social security and statutory compensation payable to employees, as well as tax and debt payable, respectively, the Company shall distribute to its shareholders according to the class and proportion of shares held.

During the liquidation period, the Company remains subsisting but may not carry out any business activities not related to the liquidation. The properties of the Company shall not be distributed to shareholders before repayments have been made pursuant to the preceding paragraph.

Where the Company is liquidated due to dissolution, if after sorting out the properties of the Company and preparing the balance sheet and list of properties, the liquidation committee finds out that the properties of the Company are insufficient to repay the debts of the Company in full, it shall apply to the People's Court for a declaration of insolvency.

After the Company is declared insolvent by the People's Court, the liquidation of the Company shall be taken up by the People's Court from the liquidation committee.

Upon completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report and a statement of incomes and expenses and the financial accounts for the liquidation period, and after the verification by the PRC certified public accountants, submit the same to the general meeting or relevant competent authorities for confirmation. The liquidation committee shall, within 30 days after confirmation by the general meeting or relevant competent authorities, submit the aforesaid documents to the companies registration authorities and apply for deregistration of the Company, and publish an announcement on the dissolution of the Company.

Where the Company is declared insolvent according to the laws, it shall carry out an insolvency liquidation according to the laws in respect of the insolvency of enterprises.

Amendments to the Articles of Association

The Company may make amendments to this AoA in accordance with the provisions of the laws, administrative regulations, *the Hong Kong Listing Rules* and this AoA subject to the approval by more than two-thirds of the voting rights held by the shareholders present at the general meeting.

The Company shall amend the AoA if falling in one of the following situations: (i) upon revision of *the Company Law* or the relevant laws and administrative regulations or *the Hong Kong Listing Rules*, the provisions of the AoA conflict with the revised laws, administrative regulations or *the Hong Kong Listing Rules*; (ii) where the Company's circumstances change to such an extent that they are inconsistent with what is registered in the AoA; or (iii) where the general meeting resolves to amend the AoA.

Any amendment to this AoA involving *the Mandatory Provisions* shall be effective upon approval by the companies review and approval department authorized by the State Council and the securities regulatory authorities under the State Council (if applicable). Where the Company's registration items are involved, such amendments shall be registered according to the laws.

Dispute Resolution

The Company shall abide by the following rules for dispute resolution:

(i) In the event of any dispute or claim relating to the affairs of the Company between shareholders of overseas **[REDACTED]** foreign shares and the Company, between shareholders of foreign shares (including shareholders of overseas **[REDACTED]** foreign shares and unlisted foreign shares) and a director, supervisor, general manager or other senior management personnel of the Company, and between shareholders of overseas **[REDACTED]** foreign shares and shareholders of unlisted foreign shares or shareholders of domestic shares arising from rights and obligations specified in the AoA, *the Company Law*, *the Special Rules* and other relevant laws and administrative regulations, the parties concerned shall submit the said dispute or claim for arbitration.

The aforesaid dispute or claim submitted for arbitration shall be the entire dispute or claim. All the persons who complain for the same reason or who are required to participate in the resolution of the dispute or claim shall accept the arbitration award if they are in the capacity of the Company or its shareholders, directors, supervisors, general managers or other senior management personnel.

Disputes relating to definition of shareholders and register of members may be settled by means other than arbitration.

(ii) The applicant for arbitration may select China International Economic and Trade Arbitration Commission for arbitration following the arbitration rules thereof or select Hong Kong International Arbitration Centre for arbitration following the securities arbitration rules thereof. After the applicant for arbitration submits the dispute or claim for arbitration, the other party shall accept arbitration at the arbitral body selected by the applicant.

If the applicant for arbitration selects Hong Kong International Arbitration Centre for arbitration, either party may request that the arbitration be conducted in Shenzhen following the securities arbitration rules of Hong Kong International Arbitration Centre.

(iii) Resolution of disputes or claims mentioned in item (i) above by way of arbitration shall be governed by the PRC laws save as otherwise specified by the laws and administrative regulations.

(iv) The arbitration award made by the arbitral body shall be conclusive and binding on both parties.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was established as a limited liability company in the PRC on June 18, 2015 and was converted into a joint stock limited company on June 14, 2022 under the laws of the PRC. Accordingly, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. The relevant PRC laws and regulatory provisions and a summary of our Articles of Association are set out in Appendix IV — Summary of Principal Legal and Regulatory Provisions and Appendix V — Summary of Articles of Association to this document, respectively.

Our principal place of business in Hong Kong is at 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on July 6, 2022. Mr. Li Kin Wai has been appointed as our authorized representative for the acceptance of service of process and notices in Hong Kong.

2. Changes in the Share Capital of Our Company

On June 18, 2015, our Company was incorporated with a registered capital of RMB2 million. On June 14, 2022, our Company was converted into a joint stock company with limited liability and renamed as ImmuneOnco Biopharmaceuticals (Shanghai) Inc. (宜明昂科生物醫藥技術(上海)股份有限公司). As of the Latest Practicable Date, our registered capital was RMB356,092,695 divided into 356,092,695 shares with a nominal value of RMB1.00 each.

Save as disclosed above and in "History, Development and Corporate Structure," there has been no other alteration in our share capital within two years immediately preceding the date of this document.

3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 1 and Note 36 to the Accountants' Report in Appendix I to this document.

As disclosed in "History, Development and Corporate Structure", save for the establishment of ImmuneOnco Hong Kong with the issued share capital of HK$1 on September 15, 2021 and the establishment of ImmuneOnco Shanghai with the registered capital of RMB10,000,000 on September 28, 2021, there has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this document.

4. Resolutions of the Shareholders of our Company Passed on June 14, 2022

Pursuant to the resolutions passed at a duly convened general meeting of our Shareholders on June 14, 2022, the following resolutions, among others, were passed by the Shareholders:

(a) the **[REDACTED]** of H Shares with a nominal value of RMB1.00 each and such H Shares be **[REDACTED]** on the **[REDACTED]**;

(b) the number of H Shares to be **[REDACTED]** shall not be more than 25% of the total issued share capital of our Company as enlarged by the **[REDACTED]**, and the grant to the **[REDACTED]** (or their representatives) of the **[REDACTED]** of not more than 15% of the number of H Shares **[REDACTED]** pursuant to the **[REDACTED]**;

(c) subject to CSRC's approval, upon completion of the **[REDACTED]**, 210,485,039 Unlisted Shares held by certain existing Shareholders will be converted into H Shares;

(d) subject to the completion of the **[REDACTED]** and approvals from the CSRC and other relevant PRC authorities for the issuance of H Shares, the granting of a general mandate to the Board to **[REDACTED]** and **[REDACTED]** H Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes as the Board in their absolute discretion deem fit, provided that, the number of H Shares to be issued shall not exceed 20% of the number of H Shares in issue as at the **[REDACTED]**;

(e) subject to the completion of the **[REDACTED]**, the Articles of Association have been approved and adopted, which shall become effective on the **[REDACTED]**, and the Board has been authorized to amend the Articles of Association to the extent necessary in accordance with any comments from the relevant regulatory authorities; and

(f) authorizing our Board to handle all relevant matters relating to, among other things, the implementation of issuance of H Shares and **[REDACTED]**.

5. Restrictions on Repurchase

Please refer to Appendix IV — Summary of Principal Legal and Regulatory Provisions and Appendix V — Summary of Articles of Association to this document for details of the restrictions on the shares repurchase by our Company.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

1. Summary of Material Contract

The following contract (not being contracts entered into in the ordinary course of business) was entered into by our Group within the two years preceding the date of this document and is or may be material:

(a) the **[REDACTED]**.

2. Our Material Intellectual Property Rights

As of the Latest Practicable Date, our Company has registered, or has applied for the registration of the following intellectual property rights which were material to our Group's business.

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Owner	Registration No.	Place of registration	Class	Expiry date
1	宜明昂科 ImmuneOnco	Our Company	17611702	PRC	5	May 20, 2027
2	宜明昂科 ImmuneOnco	Our Company	17611767	PRC	42	May 20, 2027
3	X-TANK	Our Company	18321401	PRC	5	December 20, 2026

No.	Trademark	Owner	Registration No.	Place of registration	Class	Expiry date
4	X-TANK	Our Company	18321441	PRC	42	December 20, 2026
5	宜明昂科 ImmuneOnco	Our Company	305861962	Hong Kong	5 and 42	January 18, 2032

(b) Patents

For a discussion of the details of the material patents and material patent applications by the Company in connection with our Core Product and pipeline products, see "Business — Intellectual Property."

(c) Domain Names

As of the Latest Practicable Date, we owned the following domain name which we consider to be or may be material to our business:

No.	Domain name	Registrant	Registration date	Expiry date
1.	immuneonco.com	Our Company	July 23, 2015	July 23, 2025

Save as the above, as of the Latest Practicable Date, there were no other trademarks, patents, intellectual or industrial property rights which were material in relation to our Group's business.

C. FURTHER INFORMATION ABOUT DIRECTORS, SUPERVISORS, MANAGEMENT AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests and short positions of our Directors, Supervisors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and our associated corporations

Immediately following completion of the **[REDACTED]** and the conversion of our Unlisted Shares to H Shares (assuming the **[REDACTED]** is not exercised), the interests and short positions of our Directors, Supervisors and chief executive of our Company in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) (i) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or (ii) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, in each case once our Shares are **[REDACTED]** on the Stock Exchange:

Long position in the Shares of our Company

Name of Director/ Supervisor/Chief Executive	Capacity/Nature of interest	Class of Shares	Number of Shares Held or Interested	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage of shareholding in the total share capital of our Company
Dr. Tian (Chairman of the Board, chief executive officer, chief scientific officer and executive Director) .	Beneficial owner	Unlisted Shares	35,091,495	**[REDACTED]**%	**[REDACTED]**%
		H Shares	35,091,495	**[REDACTED]**%	**[REDACTED]**%
	Interest in controlled corporations; Interest of spouse(1)	Unlisted Shares	15,178,477	**[REDACTED]**%	**[REDACTED]**%
		H Shares	33,178,478	**[REDACTED]**%	**[REDACTED]**%
Mr. Yu Zhihua (余治華) (Non-executive Director)	Interest in controlled corporation(2)	Unlisted Shares	19,263,240	**[REDACTED]**%	**[REDACTED]**%
Mr. Yu Xiaoyong (于曉勇) (Non-executive Director)	Interest in controlled corporations(3)	Unlisted Shares	36,780,390	**[REDACTED]**%	**[REDACTED]**%
		H Shares	5,554,305	**[REDACTED]**%	**[REDACTED]**%

Notes:

(1) Each of Jiaxing Changxian and Jiaxing Changyu is a limited partnership established in the PRC and is managed by its general partner, Jiaxing Hanning Enterprise Management Co., Ltd. (嘉興翰濘企業管理有限公司), which is in turn ultimately controlled by Dr. Tian. As such, under the SFO, Dr. Tian is deemed to be interested in an aggregate of 15,178,477 Unlisted Shares and 15,178,478 H Shares held by Jiaxing Changxian and Jiaxing Changyu.

Halo Investment II is a limited liability company incorporated under the laws of the BVI, which is wholly owned by Halo LP. The general partner of Halo LP is Halo Biomedical Investment I Limited ("**Halo Investment I**"). As of the Latest Practicable Date, Dr. Tian was the sole director of Halo Investment I and controlled the voting rights in Halo Investment I pursuant to the voting agreement entered into between Dr. Tian and the sole shareholder of Halo Investment I, and Halo Investment I was accustomed to act in accordance with Dr. Tian's instruction. For further details of the voting agreement, see "History, Development and Corporate Structure — Employee Shareholding Platforms — Halo Investment II."

Further, as of the Latest Practicable Date, Ms. Yumei Ding, the spouse of Dr. Tian and a consultant of our Group, held more than one-third of interests as a limited partner in Halo LP. All limited partners of Halo LP do not have any voting rights in our Company which are resided with the sole director of Halo Investment I being Dr. Tian. As such, under the SFO, Dr. Tian is deemed to be interested in 18,000,000 H Shares held by Halo Investment II as well as Dr. Yumei Ding's deemed interest in Halo Investment II.

(2) Lapam Capital is a limited partnership established in the PRC and is managed by its general partner, Tibet Lapam Yijing Venture Capital Center (Limited Partnership) (西藏龍磐怡景創業投資中心(有限合夥)), which is in turn ultimately controlled by Mr. Yu Zhihua (余治華). As such, Mr. Yu is deemed to be interested in 19,263,240 Unlisted Shares held by Lapam Capital under the SFO.

(3) Each of ZJ Leading Initiating VC and ZJ Leading SiQi VC is a limited partnership established in the PRC and is managed by its general partner. The general partner of ZJ Leading Initiating VC is Shanghai Zhangke Lingyi Enterprise Management Center (Limited Partnership) (上海張科領醫企業管理中心(有限合夥)) and the general partner of ZJ Leading SiQi VC is Jiaxing Linghe Equity Investment L.P. (Limited Partnership) (嘉興領和股權投資合夥企業(有限合夥)), each is ultimately controlled by Mr. Yu Xiaoyong (于曉勇). As such, Mr. Yu is deemed to be interested in 36,780,390 Unlisted Shares and 5,554,305 H Shares held by ZJ Leading Initiating VC and ZJ Leading SiQi VC in aggregate under the SFO.

(b) Interests of the substantial shareholders in the Shares

Save as disclosed in "Substantial Shareholders," immediately following the completion of the **[REDACTED]** and without taking into account any Shares which may be issued pursuant to the exercise of the **[REDACTED]**, our Directors are not aware of any other person (not being a Director, Supervisor or chief executive of our Company) who will have an interest or short position in our Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

(c) Interests of the substantial shareholders in other members of our Group

So far as our Directors are aware, as of the Latest Practicable Date, no persons were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group.

2. Particulars of Directors' and Supervisors' Service Contracts

Pursuant to Rules 19A.54 and 19A.55 of the Listing Rules, we [have entered] into a contract with each of our Directors and Supervisors in respect of, among other things (i) compliance with relevant laws and regulations, (ii) observance of the Articles of Association, and (iii) provisions on arbitration.

Save as disclosed in "Directors, Supervisors and Senior Management" and above, we have not entered into, and do not propose to enter into any service contracts with any of our Directors and Supervisors in their respective capacities as Directors or Supervisors (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

3. Remuneration of Directors and Supervisors

Save as disclosed in "Directors, Supervisors and Senior Management" and Note 13 to the Accountants' Report set out in Appendix I to this document for the two financial years ended December 31, 2021 and 2022, none of our Directors or Supervisors received other remunerations of benefits in kind from us.

4. Employee Incentive Plans

The following is a summary of the principal terms of the employee incentive plan I approved and adopted by the management of the Company on January 31, 2021 (the "**Plan I**") and employee incentive plan II approved and adopted by the Board on December 20, 2021 (the "**Plan II**", collectively, the "**Employee Incentive Plans**"), respectively. The terms of the Employee Incentive Plans are not subject to the provisions of Chapter 17 of the Listing Rules as the Employee Incentive Plans do not involve the grant of options by our Company to subscribe for H Shares after **[REDACTED]**. Given the underlying Shares under the Employee Incentive Plans were either transferred by Dr. Tian to or had already been issued by the Company to the relevant Onshore Employee Shareholding Platforms, there will be no dilutive effect to the issued Shares upon the vesting of the awards under the Employee Incentive Plans. In addition, the Company is not expected to be a party to any subsequent dealings by connected grantees in relation to the Shares underlying the awards granted under the Employee Incentive Plans. In the event that any such subsequent dealing constitutes a connected transaction due to particular circumstances, the Company will comply with the applicable requirements under Chapter 14A of the Listing Rules as appropriate.

As of the Latest Practicable Date, Jiaxing Changxian was the Company's Onshore Employee Shareholding Platform holding the underlying Shares (i.e. 15,501,735 Unlisted Shares) in respect of share awards granted under the Plan I, and Jiaxing Changyu was the Company's Onshore Employee Shareholding Platform holding the underlying Share in respect of share awards granted under the Plan II (i.e. 14,839,470 Unlisted Shares). For details of Jiaxing Changxian and Jiaxing Changyu, see "History, Development and Corporate Structure — Employee Shareholding Platforms."

(a) Objectives

The objectives of the Employee Incentive Plans are to further improve the corporate governance of the Company, to build an incentive mechanism for senior management members and core employees, to achieve our strategies and to advance development of the Company.

(b) Eligibility

Pursuant to the plan documents (the "**Plan Documents**"), participants of the Employee Incentive Plans include our Company's senior management members, core employees and other talents as approved by the manager of the Employee Incentive Plans, Dr. Tian (the "**Manager**"). The Plan Documents further provided that the following employees or other talents may not be selected as participants to the Employee Incentive Plans (as the case may be):

- Persons who have received administrative penalties from government authorities due to material violation of laws and regulations in the preceding three years;
- Persons who are forbidden to hold the position of director, supervisor or senior management pursuant to the Company Law of the PRC;
- Persons who have breached employment contracts, confidentiality agreements, non-competition agreements or any other agreements entered into with our Company;
- Persons who have seriously violated laws, professional ethics, Articles of Association and the internal policies of our Company, or jeopardized the reputation or interests of the Company or cause severe accidents to the Company due to serious misconduct or gross negligence;
- Persons who have been considered as unqualified by the Company or the Manager during the probation period; or
- Persons who are otherwise not eligible as determined by the Manager or his/her supervisors.

(c) Grant of awards

The general partner of Jiaxing Changxian and Jiaxing Changyu is Jiaxing Hanning Enterprise Management Co., Ltd. (嘉興翰濘企業管理有限公司), which is ultimately controlled by Dr. Tian. Therefore, all management powers and voting rights of Jiaxing Changxian and Jiaxing Changyu reside with Dr. Tian.

All selected participants do not have any direct voting right in our Company. Each selected participants will be granted awards in the form of economic interest in the relevant Onshore Employee Shareholding Platforms as a limited partner. Upon becoming the limited partner of the relevant Onshore Employee Shareholding Platforms, the selected participant indirectly receives economic interest in the number of Shares underlying the award granted to the selected participants held by the relevant Onshore Employee Shareholding Platforms.

As of the Latest Practicable Date, an aggregate of 30,341,205 Unlisted Shares underlying the awards granted under the Employee Incentive Plans had been granted to 29 selected participants (being the individuals who are the limited partners of the Onshore Employee Shareholding Platforms). For further details of the awards granted, see "History, Development and Corporate Structure — Employee Shareholding Platforms."

(d) Administration

The Manager or the Board retains sole discretion over, among other things, the matters of the Employee Incentive Plans to the extent approved by the shareholders' meeting (as the case may be) including the implementation, amendment, termination and interpretation of the Employee Incentive Plans, subject to compliance with applicable laws, regulations, rules, requirements of relevant regulatory authorities and the Articles of Association.

The Employee Incentive Plans are implemented by the office of share incentive comprising three responsible employees appointed by the Manager, subject to the terms of the Employee Incentive Plans and authorization by the Manager and/or the Board, with respect to the matters including (as the case may be):

- the formulation of implement plan of Employee Incentive Plans;
- the management of relevant documents under the Employee Incentive Plans;
- the administration of the general matters of the Employee Incentive Plans;
- the internal coordination with the selected participants; and
- the regular assessment of the selected participants.

(e) Restrictions on transfer

Prior to **[REDACTED]**, the selected participants may not transfer any or all of his or her interest in the relevant Onshore Employee Shareholding Platforms unless approved by the Manager pursuant to the terms of the Employee Incentive Plans.

After **[REDACTED]**, in addition to the restrictions under the Employee Incentive Plans, the transfer or sale by selected participants shall be subject to the lock-up requirements under the relevant laws and regulations and the stock exchange rules, or the respective agreements entered into between the Company and the relevant selected participants pursuant to the terms of the Employee Incentive Plans (if applicable).

5. Disclaimers

Save as disclosed in this document:

(a) none of our Directors, Supervisors or our chief executive has any interest or short position in our Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by our Directors of Listed Issuers once the H Shares are **[REDACTED]** on the Stock Exchange;

(b) none of our Directors or Supervisors is aware of any person (not being a Director, Supervisor or chief executive of our Company) who will, immediately following completion of the **[REDACTED]** and conversion of Unlisted Shares into H Shares (without taking into account any H Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]**), have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;

(c) so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who own more than 5% of the number of issued shares of our Company have any interests in the five largest customers or the five largest suppliers of our Group; and

(d) save as disclosed in this document, none of our Directors, Supervisors or any of the parties listed in "Qualifications of Experts" of this Appendix is:

i. interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or

ii. materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business.

D. OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the PRC.

2. Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group, that would have a material adverse effect on our Group's results of operations or financial condition, taken as a whole.

3. Preliminary expenses

As of the Latest Practicable Date, our Company has not incurred material preliminary expenses.

4. Promoters

The promoters of the Company are all of the 37 then shareholders of our Company as of May 23, 2022 immediately before our conversion into a joint stock limited liability company. Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to the promoters in connection with the **[REDACTED]** and the related transactions described in this document.

5. Taxation of Holders of H Shares

(a) Hong Kong

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.13% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred. For further details in relation to taxation, please refer to Appendix IV — Summary of Principal Legal and Regulatory Provisions to this document.

(b) Consultation with professional advisers

[REDACTED] in the **[REDACTED]** are urged to consult their professional tax advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our H Shares (or exercising rights attached to them). None of us, the Joint Sponsors, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, or any other person or party involved in the **[REDACTED]** accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to our H Shares.

6. Application for [REDACTED]

[REDACTED]

7. No Material Adverse Change

Our Directors confirm that, up to the date of this document, there has been no material adverse change in the financial or trading position or prospect of our Group since December 31, 2022 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

8. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this document are as follows:

Name	Qualifications
Morgan Stanley Asia Limited	Licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO
China International Capital Corporation Hong Kong Securities Limited	Licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

Name	Qualifications
Deloitte Touche Tohmatsu	Certified Public Accountants under the Professional Accountants Ordinance (Cap. 50) and Registered Public Interest Entity Auditor under the AFRCO (Cap. 588)
JunHe LLP	PRC Legal Advisor
JunHe LLP	Legal advisor as to intellectual property laws of the PRC and the United States
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

9. Consents

Each of the experts as referred to "8. Qualifications of Experts" of this Appendix has given and has not withdrawn their respective written consents to the issue of this document with the inclusion of their reports and/or letters (as the case may be) and the references to their names included in the form and context in which they are respective included.

10. Joint Sponsors' Independence

Each of the Joint Sponsors satisfies the independence criteria applicable to the sponsor set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between the Company and the Joint Sponsors, the Joint Sponsors' fees payable by us to each of the Joint Sponsors in respect of their services as sponsors in connection with the proposed **[REDACTED]** on the Stock Exchange is US$500,000.

11. Binding Effect

This document shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Bilingual [REDACTED]

The English and Chinese language versions of this document are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Miscellaneous

Save as otherwise disclosed in this document:

(a) within the two years preceding the date of this document, our Company has not **[REDACTED]** nor agreed to **[REDACTED]** any share or loan capital fully or partly paid either for cash or for a consideration other than cash;

(b) no Share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;

(c) there are no founder shares, management shares or deferred shares issued by the Group;

(d) our Company has no outstanding convertible debt securities or debentures;

(e) with the two years immediately preceding the date of this document, save in connection with the **[REDACTED]**, no **[REDACTED]**, discount, brokerage or other special term has been granted in connection with the **[REDACTED]** or **[REDACTED]** of any capital of our Company;

(f) there is no arrangement under which future dividends are waived or agreed to be waived;

(g) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;

(h) our Company is not presently **[REDACTED]** on any stock exchange or **[REDACTED]** on any trading system; and

(i) our Company is a foreign investment joint stock limited company and is subject to the PRC Company Law.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

1. a copy of the **[REDACTED]**;

2. the written consents referred to in "Appendix VI — Statutory and General Information — Other Information — Consents;" and

3. a copy of each of the material contracts referred to in "Appendix VI — Statutory and General Information — Further Information about the Business of our Company — Summary of Material Contracts."

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our websites at **www.immuneonco.com** during a period of 14 days from the date of this document:

1. the Articles of Association;

2. the accountants' report prepared by Deloitte Touche Tohmatsu on the historical financial information of our Group, the text of which is set forth in Appendix I to this document;

3. the audited consolidated financial statements of our Company for the two years ended December 31, 2021 and 2022;

4. the report prepared by Deloitte Touche Tohmatsu on the unaudited **[REDACTED]** financial information of our Group, the text of which is set forth in Appendix II to this document;

5. the material contract referred to in "Appendix VI — Statutory and General Information — Further Information about the Business of our Company — Summary of Material Contract;"

6. the written consents referred to in "Appendix VI — Statutory and General Information — Other Information — Consents;"

7. the service agreements and letters of appointment referred to in "Appendix VI — Statutory and General Information — Further Information about Directors, Supervisors, Management and Substantial Shareholders — Particulars of Directors' and Supervisors' Service Contracts;"

8. the legal opinion issued by JunHe LLP, our PRC Legal Advisor, in respect of, among other things, the general corporate matters and property interests of our Group under the PRC law;

9. the legal opinion issued by JunHe LLP, our legal advisor as to intellectual property laws of the PRC and the United States, in respect of certain aspects of the intellectual property laws of the PRC and the United States;

10. the industry report issued by Frost & Sullivan, the summary of which is set forth in "Industry Overview;" and

11. a copy of the following PRC laws, together with unofficial English translations:

    (i) the PRC Company Law;

    (ii) the PRC Securities Law;

    (iii) the Mandatory Provisions;

    (iv) the Special Regulations; and

12. the terms of the Employee Incentive Plans.