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 this document in its entirety before you decide to invest in the [**REDACTED**]. *There are risks associated with any investment. Some of the particular risks in investing in the* [**REDACTED**] *are set out in "Risk Factors" of this document. You should read that section carefully before you decide to invest in the* [**REDACTED**]. ***In particular, we are a biotech company*** [**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.*** *There are unique challenges, risks and uncertainties associated with investing in companies such as ours. Your investment decision should be made in light of these considerations.*

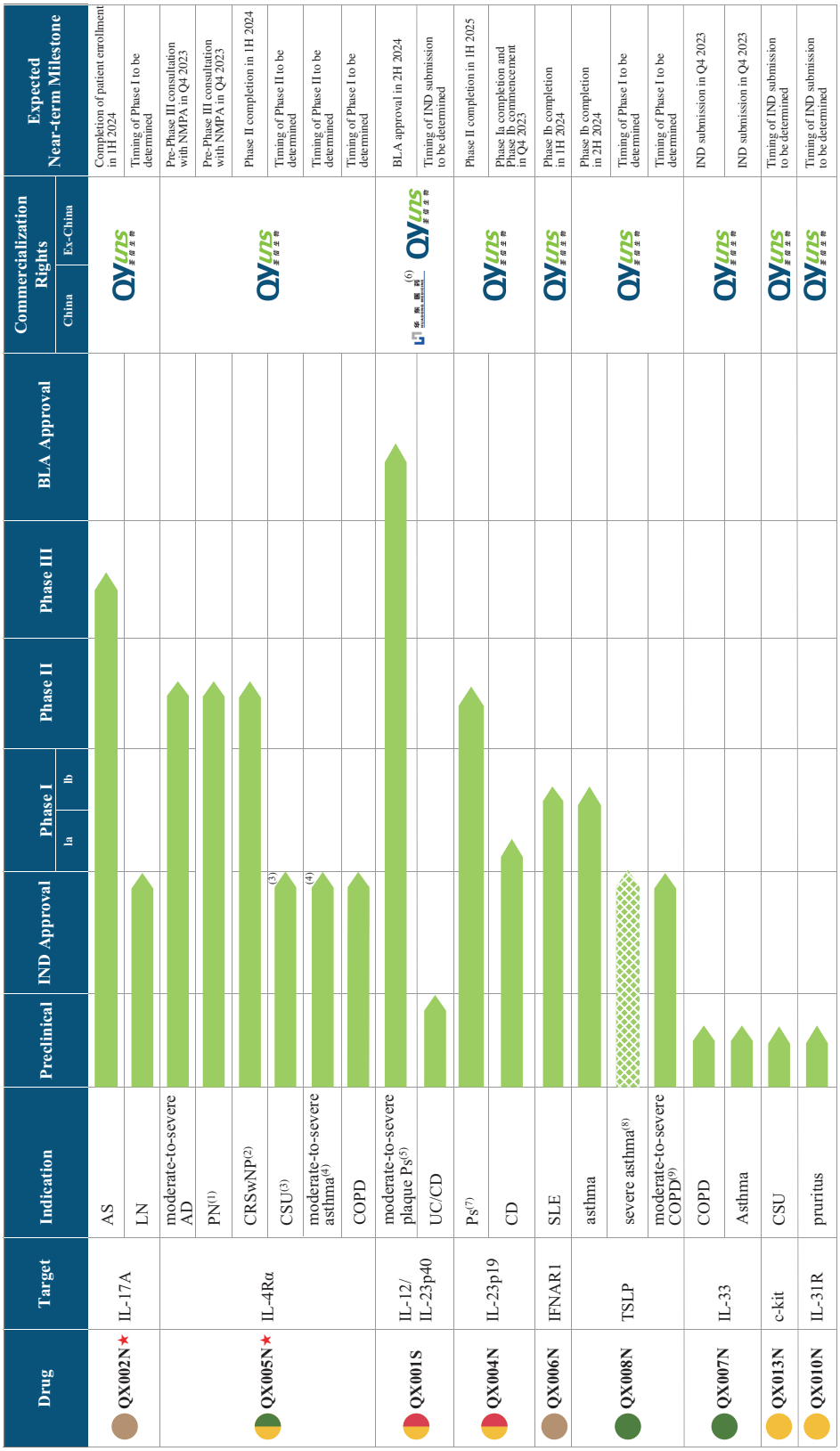
OVERVIEW

Founded in 2015, we are a clinical-stage biotech company exclusively focused on biologic therapies for autoimmune and allergic diseases. We have two Core Products, QX002N and QX005N, both of which are self-developed. QX002N is an IL-17A inhibitor in Phase III clinical trial for ankylosing spondylitis (AS) with promising efficacy. QX005N is a monoclonal antibody (mAb) blocking IL-4Rα, a validated target investigated for a wide range of indications. We have initiated Phase II clinical trials of QX005N for atopic dermatitis (AD), prurigo nodularis (PN) and chronic rhinosinusitis with nasal polyps (CRSwNP) in China. As of the Latest Practicable Date, we held 19 patents and patent applications in relation to our Core Products. As of the same date, we had seven other pipeline drug candidates in addition to our Core Products, four of which were in the clinical stage. Our pipeline covers four major areas in the autoimmune and allergic disease field with significant unmet medical needs in China, namely, skin, rheumatic, respiratory and digestive diseases.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORE PRODUCTS AND OTHER PIPELINE PRODUCTS SUCCESSFULLY.

SUMMARY

The following chart summarizes our portfolio of drug candidates as of September 30, 2023.



★ Core Product

AD: atopic dermatitis
AS: ankylosing spondylitis
CD: Crohn's disease
COPD: chronic obstructive pulmonary disease
CRSwNP: chronic rhinosinusitis with nasal polyps
CSU: chronic spontaneous urticaria
LN: lupus nephritis
PN: prurigo nodularis
Ps: psoriasis
SLE: systemic lupus erythematosus
UC: ulcerative colitis

IFNAR1: interferon-alpha/beta receptor subunit 1
IL-4Rα: interleukin-4 receptor subunit α
IL-12/IL-23p40: interleukin-12/interleukin-23 subunit p40
IL-17A: interleukin-17A
IL-23p19: interleukin-23 subunit p19
IL-31R: interleukin-31 receptor
IL-33: interleukin-33
TSLP: thymic stromal lymphopoietin

Notes:

(1) We directly commenced a Phase II clinical trial of QX005N for PN by leveraging the Phase Ia clinical trial results of QX005N in healthy subjects and the Phase Ib clinical trial results of QX005N for AD.

(2) We directly commenced a Phase II clinical trial of QX005N for CRSwNP by leveraging the Phase I clinical trial results of QX005N for AD.

(3) We plan to consult with the NMPA about directly initiating a Phase III clinical trial of QX005N for CSU by leveraging the Phase I clinical trial results of QX005N for AD as well as the Phase II clinical trial results of QX005N for AD and/or PN.

(4) We plan to directly enter the Phase II clinical trial stage for QX005N for asthma by leveraging the Phase I clinical trial results of QX005N for AD.

(5) We directly commenced the Phase III clinical trial of QX001S for Ps after completion of the Phase I clinical trial as Phase II clinical trials are not required for biosimilars.

(6) In August 2020, we entered into a collaboration agreement with Zhongmei Huadong, a subsidiary of Huadong Medicine, with respect to the joint development and exclusive commercialization of QX001S in China. We retain the exclusive development and commercialization rights of QX001S outside China. For further details, please refer to "Business—Collaboration with Zhongmei Huadong."

(7) As of September 30, 2023, we had completed subject enrollment for the Phase Ib clinical trial. We expect to complete such trial in the first half of 2024.

(8) We obtained an IND approval of QX008N for the treatment of severe asthma from the FDA in September 2022 and intend to formulate a clinical development plan for QX008N in the United States depending on the data from our Phase Ia and Phase Ib clinical trials in China.

(9) We plan to consult with the NMPA about directly initiating a Phase III clinical trial of QX008N for COPD by leveraging the Phase I and Phase II clinical trial results of QX008N for asthma.

Our Core Products

QX002N

One of our Core Products, QX002N, is a high-affinity mAb targeting IL-17A, a key player in the pathological mechanism of various autoimmune diseases. IL-17A inhibitors are recommended by prevailing clinical guidelines as second-line standalone treatment (the same designation as TNF inhibitors) for AS patients with high disease activity after receiving first-line traditional treatments. Between the two classes of biologics, IL-17A inhibitors have shown clear clinical benefit in patients who are intolerant to or fail to achieve adequate disease control with TNF-α inhibitors.

We have obtained IND approval for QX002N for AS and LN and plan to prioritize the development of the former indication. QX002N demonstrated promising efficacy in our Phase Ib and Phase II clinical trials for AS. In our Phase Ib clinical trial, 62.5% and 37.5% of subjects receiving QX002N (160 mg) once every 2 weeks achieved ASAS20 and ASAS40 responses at week 16, respectively. In our Phase II clinical trial, the ASAS20 and ASAS40 response rates of subjects receiving QX002N (160 mg) once every 4 weeks reached 60.0% and 40.0% at week 16, respectively. We conducted a pre-Phase III consultation with the NMPA, which raised no material questions and confirmed that it had no objections to the commencement of such trial in its official response in July 2023. We commenced the Phase III clinical trial in September 2023 and expect to complete it in the second half of 2025.

Addressable Market and Competitive Landscape

According to Frost & Sullivan, the prevalence of AS in China was 3.9 million in 2022, and is estimated to reach 4.0 million in 2030. The AS drug market in China was US$1.8 billion in 2022, and is estimated to reach US$6.5 billion in 2030, at a CAGR of 17.4%. Upon its approval and commercialization, we expect QX002N to face intense competition from approved biologic drugs from multinational pharmaceutical companies as well as potential competition from drug candidates in clinical development in China for AS. As of the Latest Practicable Date, such drugs and drug candidates were exclusively TNF inhibitors and IL-17 inhibitors. The TNF inhibitors include adalimumab and numerous adalimumab biosimilars and proposed biosimilars. As of the Latest Practicable Date, there were two IL-17A antibody drugs approved for AS treatment in China, namely, secukinumab and ixekizumab, both of which had also been approved by the FDA. As of the same date, in addition to our QX002N, there were nine IL-17-targeting biologic drug candidates indicated for AS in the clinical stage in China. See "Industry Overview—Overview of the Autoimmune Disease Drug Market—Major Autoimmune Diseases—Ankylosing Spondylitis" for details.

QX005N

Our other Core Product, QX005N, is designed to inhibit IL-4Rα, a validated target investigated for a wide range of indications. Because IL-4Rα controls the signaling of both IL-4 and IL-13, which is critical in the initiation of type 2 inflammation, it has emerged as a key target for new drug development in related indications. According to Frost & Sullivan, IL-4Rα inhibitors had been approved or were under development for 20 indications globally as of the Latest Practicable Date. Dupilumab, the first FDA-approved IL-4Rα inhibitor, is one of the best-selling biologic drugs globally for allergic diseases, with annual sales of US$8.7 billion in 2022.

As of the Latest Practicable Date, we had obtained IND approval for QX005N for six indications (namely, AD, PN, CRSwNP, CSU, asthma and COPD), the most among IL-4Rα-targeting drug candidates in China. QX005N demonstrated favorable safety and efficacy results in our Phase Ia and Phase Ib clinical trials for AD. In the Phase Ib clinical trial in patients with moderate-to-severe AD, in each of the 300 mg and 600 mg groups, 75.0% of subjects achieved Eczema Area and Severity Index-75 (EASI-75) responses (defined as ≥ 75% improvement from baseline in the EASI score) and 50.0% of subjects reached Investigator's Global Assessment (IGA) scores (0 or 1) at week 12 without significantly increased safety risks. We have started a Phase II clinical trial for AD and completed patient enrollment in February 2023. In addition, we commenced a Phase II clinical trial for PN in February 2023. According to Frost & Sullivan, QX005N was the first biologic drug candidate developed by a Chinese domestic company to start a clinical trial for PN in China. We also commenced a Phase II clinical trial of QX005N for CRSwNP in April 2023.

Addressable Market and Competitive Landscape

Upon approval and commercialization of QX005N, we expect it to face intense competition from approved biologic drug as well as potential competition from drug candidates in clinical development in China for the same indication. The industry landscapes of the major indications in China are as follows:

- *AD*. According to Frost & Sullivan, the prevalence of AD in China was 70.3 million in 2022, and is expected to reach 78.5 million in 2030. The AD drug market in China was US$1.0 billion in 2022, and is estimated to grow rapidly to reach US$7.1 billion in 2030, at a CAGR of 23.3%. As of the Latest Practicable Date, dupilumab was the only biologic drug approved in China for AD, which had also been admitted to the NRDL. As of the same date, there were 17 biologic drug candidates for AD in the clinical stage in China, among which 10 were IL-4Rα inhibitors. Biologics targeting IL-13, TSLP, IL-33, ST2, CD200R, OX40 and IL-2R are also being developed for AD. See "Industry Overview—Overview of the Allergic Disease Drug Market—Major Allergic Diseases—Atopic Dermatitis" for details.

- *PN*. According to Frost & Sullivan, the prevalence of PN in China was 2.0 million in 2022, and is estimated to reach 2.1 million in 2030. Development of the PN drug market in China is still at an early stage with dupilumab being the only biologic drug approved in China as of the Latest Practicable Date. As of the same date, there were only two biologic drug candidates for PN in the clinical stage in China, both of which were IL-4Rα inhibitors. See "Industry Overview—Overview of the Allergic Disease Drug Market—Major Allergic Diseases—Prurigo Nodularis" for details.

- *CRSwNP*. According to Frost & Sullivan, the prevalence of CRSwNP in China was 20.4 million in 2022, and is estimated to reach 22.3 million in 2030. The CRSwNP drug market in China was US$141.7 million in 2022, and is expected to reach US$633.4 million in 2030, at a CAGR of 20.6%. As of the Latest Practicable Date, no biologic drug had been approved for the treatment of CRSwNP in China. As of the same date, there were 14 biologic drug candidates for CRSwNP in the clinical stage in China, including six IL-4R inhibitors. Biologics targeting IL-5 and TSLP are also being developed for CRSwNP. See "Industry Overview—Overview of the Allergic Disease Drug Market—Major Allergic Diseases—Chronic Rhinosinusitis with Nasal Polyposis" for details.

Our Other Key Drug Candidates

- QX001S: QX001S is our first expected commercial drug, the first domestically developed ustekinumab biosimilar with BLA submitted in China and potentially one of the first ustekinumab biosimilars to be approved in China, which targets IL-12/IL-23p40 and has been widely regarded as one of the major treatments for Ps worldwide. In our Phase I clinical trial for Ps, QX001S demonstrated a safety and PK profile comparable to that of ustekinumab. In our Phase III clinical trial for Ps, QX001S demonstrated clinical equivalence to ustekinumab in terms of efficacy, safety, immunogenicity and PK profile. Zhongmei Huadong, a subsidiary of Huadong Medicine and our commercialization partner for QX001S, submitted a BLA in China in July 2023, which was accepted by the NMPA in August 2023 and under review as of the date of this document. We expect QX001S to face fierce competition upon its commercialization, especially considering that the other two ustekinumab biosimilar candidates in China commenced their Phase III clinical trials at a similar time as our Phase III trial. See "Risk Factors—Our drug candidates will be subject to intense competition with biologics drugs and other drugs for autoimmune and allergic diseases after commercialization and may fail to compete effectively against competitors" for details.

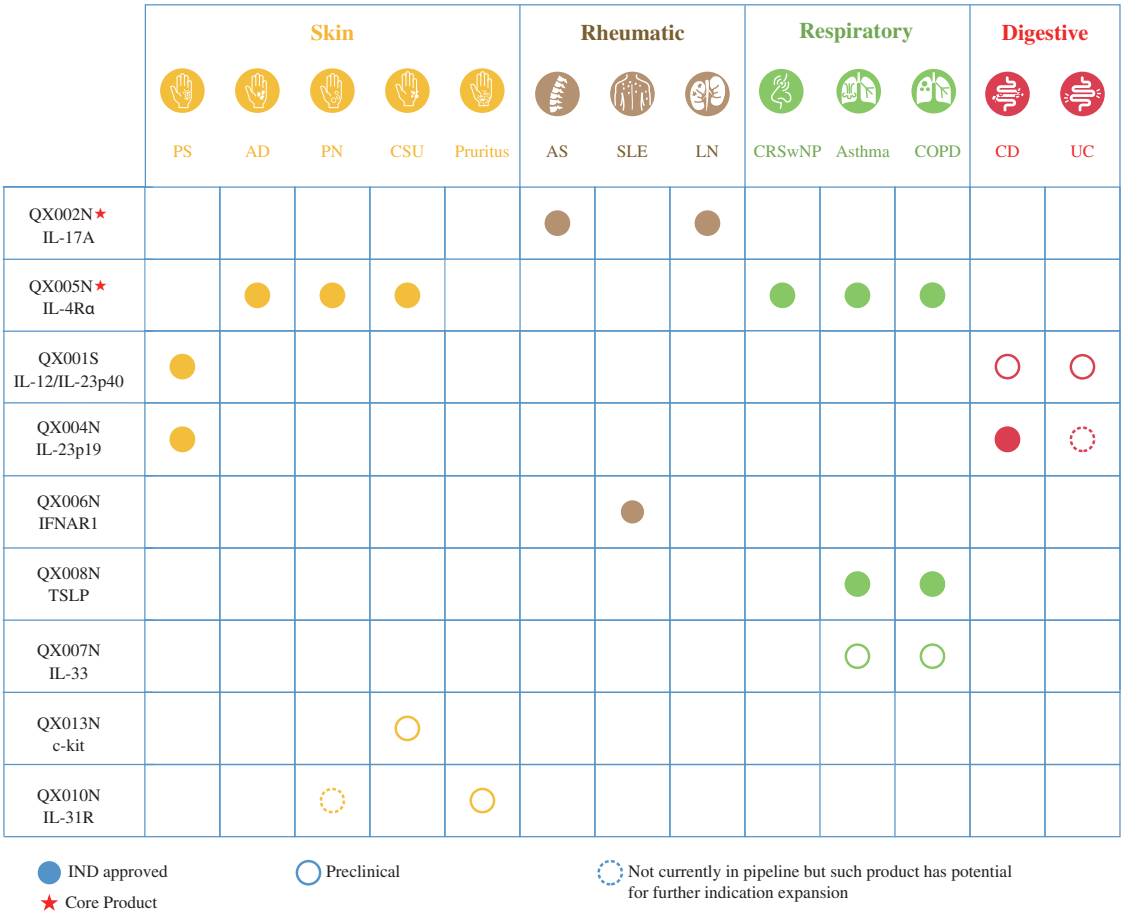
- QX004N: We are developing QX004N, an IL-23p19 inhibitor, for Ps and CD. We completed a Phase Ia clinical trial of QX004N in healthy subjects for the Ps indication in China in September 2023 and QX004N showed a good safety profile. As of September 30, 2023, we had also commenced a Phase Ib clinical trial and a Phase II clinical trial in China to evaluate QX004N for this indication and expect to complete them in the first half of 2024 and the first half of 2025, respectively. We also commenced a Phase Ia clinical trial for CD in China in February 2023.

- QX006N: We are developing QX006N, an IFNAR1-targeting mAb, for the treatment of SLE, a difficult indication for new drug development. The first-in-class IFNAR1 inhibitor, SAPHNELO (anifrolumab), was approved by the FDA in 2021, making it the only new SLE treatment in more than 10 years. As of the Latest Practicable Date, our QX006N was one of the only two IFNAR1 inhibitors developed by Chinese domestic companies that had entered the clinical stage for SLE in China. QX006N showed a good safety profile in our Phase Ia clinical trial, and promising potency and affinity comparable to those of an internally prepared anifrolumab analog in our preclinical studies. We initiated a Phase Ib clinical trial in SLE patients in March 2023 and expect to complete such trial in the first half of 2024.

- QX008N: We are developing QX008N, a humanized IgG1 mAb targeting TSLP, for asthma and moderate-to-severe COPD. TSLP-targeting therapy is the only class of biologic drugs globally approved for asthma that can slow disease progression for asthma patients with low-level or no expression of type 2 biomarkers. QX008N demonstrated a potency superior to an internally prepared tezepelumab analog and exhibited a good safety profile in our Phase Ia clinical trial. We commenced a Phase Ib clinical trial in adult patients with moderate-to-severe asthma in August 2023 and expect to complete such trial in the second half of 2024.

Our Disease Area Coverage and Product Matrix

Our comprehensive pipeline covers the four major disease areas in the autoimmune and allergic disease field, namely, skin, rheumatic, respiratory and digestive diseases. In this field, there are often complex relationships between and among various targets and indications across disease areas. For a drug developer, product positioning is key to the potential clinical and commercial value of its pipeline. We illustrate in the chart below the positioning of our product matrix in context, and further set out our pipeline design for each of the major disease areas.



The Autoimmune and Allergic Disease Drug Market

Autoimmune and allergic diseases represent the second-largest therapeutic area globally, only after oncology, and have witnessed a succession of blockbuster drugs. According to Frost & Sullivan, the market size of autoimmune and allergic disease drugs amounted to US$187.5 billion in 2022, which was 12.5% for all drugs combined. Among the 100 top-selling drugs in 2022, around one fifth were autoimmune or allergic drugs, including two—Humira (adalimumab) (No. 2; US$21.2 billion) and Stelara (ustekinumab) (No. 9; US$9.7 billion)—in the top 10. Humira, in particular, was the world's best-selling drug for eight years in the last ten (2013-2022). In contrast, market development in China has lagged significantly behind. According to Frost & Sullivan, the total patient population of autoimmune and allergic diseases in China exceeded 420 million as compared to 100 million in the United States in 2020. However, China's autoimmune and allergic drug market was only US$7.2 billion in 2020, approximately 7.5% of the U.S. market of US$95.6 billion. Specifically, biologic drugs dominate developed markets, but their penetration in China remains low. In 2020, biologic drugs made up over 60% of the autoimmune and allergic disease drug market in the United States, but only about 10% of the China market.

The underdevelopment of the China market has historical reasons. Due to an innovation gap, most of the innovative biologic drugs available in China have been expensive blockbuster drugs developed by multinational corporations, or MNCs, typically not covered by public medical insurance. This has had two effects. On the one hand, because autoimmune and allergic diseases are often not fatal, Chinese patients, when they have limited ability to pay and are price-sensitive, are less inclined to address them with significant economic resources as committedly as they might with fatal diseases such as cancer, leading to discontinued treatment, ineffective traditional treatment or no treatment at all. On the other hand, due to limited returns, the MNCs have not invested extensively in physician and patient education in China, which has perpetuated poor awareness. As a result, diagnosis and treatment rates for many diseases in this field have been low. The *status quo* indicates a deep structural misalignment with the unmet medical need. Autoimmune and allergic diseases are serious diseases. They can severely affect patients' quality of life in various manifestations, including great pain, persistent itchiness, disfigurement, disability, severe psychological pressure and social exclusion. They impose profound disease burden on patients and society and require safe and effective treatment.

Despite the historical underdevelopment, China's autoimmune and allergic disease drug market has been changing in recent years, especially since 2021. Several important factors have driven the industry toward more alignment with global trends and more certainty in market prospect:

- *Approvals, NRDL admissions and accelerated sales ramp-up of blockbuster drugs.* A number of blockbuster drugs developed by MNCs were approved in China and admitted to the NRDL. While unit prices dropped, sales soared. For example, Cosentyx (secukinumab, an IL-17A inhibitor) was approved in China for moderate-to-severe plaque Ps in March 2019 and admitted to the NRDL in March 2021. While its unit price (150 mg) decreased from RMB2,998 in 2020 to RMB1,188 in 2022, its China sales increased from US$72.5 million in 2020 to US$279.0 million in 2021 and US$601.4 million in 2022. Dupixent (dupilumab, an IL-4Rα inhibitor) was approved for moderate-to-severe AD in June 2020 and admitted to the NRDL in January 2021. While its unit price (300 mg) decreased from RMB6,666 in 2020 to RMB3,160 in 2022, its China sales increased from US$13.7 million in 2020 to US$87.4 million in 2021 and US$248.1 million in 2022. Apart from the expansion in sales volume, there has also been an evident acceleration in such expansion. According to Frost & Sullivan, it took seven years for Humira (adalimumab) to achieve annual sales of US$100.0 million in China since its approval in the country in 2010, whereas it took Cosentyx only two years to reach the same milestone.

- *Evolution of treatment paradigm from traditional anti-inflammatory agents to biologics.* Traditional anti-inflammatory agents are commonly used treatment options for autoimmune diseases, particularly during the initial stages of the diseases. However, traditional anti-inflammatory agents are also noted with limited efficacy in patients with more severe symptoms and there remain concerns over the potential side effects from long-term use of some of these agents. Therefore, over

the past decades, biologic drugs with superior efficacy and safety have been increasingly accepted by physicians and patients globally. The evolution of treatment paradigm from traditional anti-inflammatory agents to biologics is also accompanied by continuous upgrades in classes of biologic drugs. For example, compared to first-generation inhibitors targeting tumor necrosis factor alpha (TNF-α), which have relatively high risk of serious infections, certain biologics targeting interleukins (*e.g.*, IL-17 and IL-23) have demonstrated better efficacy and/or safety for certain indications and are under extensive investigation with more drugs potentially to be approved. The same trend is also found and followed in China, and drives an increasing demand for novel biologic drugs.

- *Rise of domestic developers.* Recognizing the great potential of the therapeutic area, a growing number of Chinese pharmaceutical companies have begun to conduct R&D on autoimmune and allergic disease drugs. Drugs developed by Chinese domestic companies are expected to have a price advantage. Domestic companies may also leverage their in-depth understanding and extensive coverage of local patients and hospitals to, together with MNCs, improve awareness of autoimmune and allergic diseases and biologic therapies through more precise and effective marketing activities and patient education.

Due to these favorable changes, the autoimmune and allergic disease drug market in China expanded from US$7.2 billion in 2020 to US$9.0 billion in 2022, representing a CAGR of 11.8%, with the proportion of biologic drugs increased to 20.4% in 2022. The market is expected to continue to develop. According to Frost & Sullivan, it is expected to grow to US$41.5 billion in 2030, at a CAGR of 21.1% from 2022, and with the proportion of biologic drugs increased to about 60%. The market has significant further, long-term growth potential. On the demand side, although usually not fatal, autoimmune and allergic diseases are also usually incurable, and are classic chronic diseases that require long-term or even life-long care. Accordingly, patients have stable need for medication over long periods of time, resulting in high lifetime value (LTV). In addition, long-term medication causes drug resistance and adherence issues, creating a need for alternative therapies. Furthermore, the pathogenic mechanisms of many autoimmune and allergic diseases are not fully understood. One drug is often used for multiple indications, with varying response rates, indicating that the development of precision medicine and individualized treatment is still at a very early stage. On the supply side, compared with oncology, which is crowded with many international and domestic pharmaceutical companies, competition in the autoimmune and allergic drug market is relatively less intense. As indicated in the 2022 Drug Evaluation Report released by the NMPA, among 769 IND approvals granted in 2022, fewer than 140 were in the autoimmune and allergic field, compared with more than 430 in oncology.

We are well positioned to take advantage of this market opportunity. Since our establishment in 2015, we have exclusively focused on the autoimmune and allergic field and built a comprehensive pipeline covering the four major disease areas in the field, namely, skin, rheumatic, respiratory and digestive diseases.

- *Skin diseases.* Inflammatory skin diseases have large patient populations in China. According to Frost & Sullivan, there are expected to be 6.8 million Ps patients in China by 2030, 20% to 30% of whom having moderate-to-severe disease, indicating an estimated drug market of US$9.9 billion. In the same year, there are expected to be 78.5 million AD patients, 30% of whom having moderate-to-severe disease, indicating an estimated drug market of US$7.1 billion, and 2.1 million PN patients with no approved biologic therapies, indicating a market with substantial unmet medical needs.

- *Rheumatic diseases.* Inflammatory rheumatic diseases are multiple immune diseases, such as ankylosing spondylitis (AS), systemic lupus erythematosus (SLE) and lupus nephritis (LN). In addition to persistent and mysterious pain, rheumatic conditions can cause patients to develop deformities so severe that daily tasks like walking or getting dressed feel impossible. In 2030, there are expected to be 4.0 million AS patients in China, with an estimated drug market of US$6.5 billion, and 1.1 million SLE patients, with an estimated drug market of US$3.4 billion.

- *Respiratory diseases.* Inflammatory respiratory diseases, such as asthma, chronic rhinosinusitis with nasal polyps (CRSwNP) and chronic obstructive pulmonary disease (COPD), have large patient populations in China. In 2030, there are expected to be 78.1 million asthma patients in China, about 10% of whom having severe disease, indicating an estimated drug market of US$10.6 billion. In the same year, there are expected to be 22.3 million CRSwNP patients, with an estimated drug market of US$0.6 billion, and 110.7 million COPD patients, with an estimated drug market of US$6.3 billion.

- *Digestive diseases.* Inflammatory digestive diseases, such as ulcerative colitis (UC) and Crohn's disease (CD), are conditions characterized by chronic inflammation of the gastrointestinal tract, which can be aggressive and significantly impact the patient's quality of life. In 2030, there are expected to be 1.2 million UC and CD patients in China, with an estimated drug market of US$5.5 billion.

COMPETITION

The development and commercialization of innovative biologic drugs are highly competitive and subject to rapid and significant changes. We face potential competition from many different sources working to develop therapies targeting the same indications for which we develop our drug candidates, in particular in the autoimmune and allergic disease areas. These include major pharmaceutical companies as well as specialty pharmaceutical companies of various sizes. Our Core Products and key drug candidates face competition from approved

and clinical-stage drug candidates, including biologics and small-molecule targeted drugs, that focus on similar indications and target patient population with us, and these competing products may have significant competitive strengths and advantages when compared to our drug candidates. In addition, as biologics are a relatively new class of drugs, prevailing clinical guidelines have not yet recommended biologics as a main treatment option for LN, PN, CRSwNP, asthma, COPD, UC/CD and pruritus, some of which are indications being investigated for our Core Products QX002N and QX005N. For the competitive landscape of our Core Products and other product candidates, see "Business—Our Drug Candidates—Our Core Products" and "Industry Overview" in this document.

OUR STRENGTHS

We believe our strengths are:

- Exclusive focus on autoimmune and allergic diseases, covering four major disease areas and key therapeutic pathways;
- Comprehensive pipeline of biologics in autoimmune and allergic diseases, with Core Products in advanced-stage clinical development;
- Commercial-scale in-house manufacturing capacity ensuring stable and cost-controllable supply of our products;
- Practical commercialization model leveraging strategic partnership to secure early product launch; and
- Seasoned management team with extensive industry experience and successful entrepreneurial track records.

OUR STRATEGIES

We plan to pursue the following strategies:

- Build leadership in dermatology, advance other drug candidates and strategically expand our pipeline;
- Continue to optimize CMC quality management system and improve production efficiency and enhance manufacturing capacity utilization;
- Cooperate with established pharmaceutical companies in commercialization;
- Explore international expansion opportunities; and
- Continue to recruit and develop talent.

RESEARCH AND DEVELOPMENT

We are a clinical-stage biotech company exclusively focused on biologic therapies for autoimmune and allergic diseases, with a self-developed drug pipeline. We believe research and development is critical to our ability to grow into a biopharmaceutical company and remain competitive in the industry. We have established an integrated R&D platform as the foundation for our continuous innovation. The platform comprises five R&D components, including (i) mAb screening and function verification; (ii) analytical method development; (iii) cell line screening and process development; (iv) drug formulation development; and (v) preclinical and clinical sample analysis and testing. We also have established a commercial-scale in-house manufacturing facility which seamlessly supports our R&D activities from preclinical and clinical trial drug manufacturing to future commercial manufacturing. As a result, we are able to conduct our R&D with high efficiency, having obtained 16 IND approvals over the past 8 years. We have developed all of our biologic drug candidates in-house and received a number of awards recognizing our R&D capabilities. We have set up two clinical development centers in Beijing and Shanghai and conduct our R&D activities through an in-house team, as well as engagement of external CROs, as is in line with industry practice. As of the Latest Practicable Date, our in-house R&D team comprised 118 members, over 60% of which had a master's degree or above in biology or pharmacy-related field.

For the years ended December 31, 2021 and 2022 and the five months ended May 31, 2023, our research and development expenses amounted to RMB151.9 million, RMB257.2 million and RMB142.7 million, respectively, accounting for 75.7%, 77.1% and 63.7% of our operating expenses in the same periods, respectively. In particular, the R&D expenses attributable to our Core Products, QX002N and QX005N, accounted for 11.9% and 24.7% of our total R&D expenses in 2021, 19.3% and 25.7% of our total R&D expenses in 2022, and 16.1% and 35.6% of our total R&D expenses in the five months ended May 31, 2023, respectively. During the Track Record Period, our R&D expenses increased significantly, primarily as a result of the advancement and expansion of preclinical and clinical studies of our drug candidates.

In line with industry practice, we also engage reputable CROs to support our preclinical and clinical studies from time to time. On December 20, 2022, we entered into a five-year collaboration framework agreement with Hangzhou Tigermed Consulting Co., Ltd. ("Tigermed") for the future development of our drug candidates, including QX002N, QX005N and others, in China. Tigermed is one of the industry-leading CROs in China, whose business covers the development and registration of innovative pharmaceutical candidates. As of the Latest Practicable Date, we had entered into service contracts with Tigermed with respect to the the Phase III clinical trial of QX002N for AS and the Phase II clinical trials of QX005N for PN and CRSwNP.

MANUFACTURING

We are one of only a few Chinese biotech companies that are focused on autoimmune and allergic diseases and have an established commercial-scale in-house manufacturing capability, according to Frost & Sullivan. Our manufacturing facility was established according to the cGMP standards of China, the United States and the EU (although not GMP-certified due to the termination of the certification mechanism by relevant government agencies in China since 2019). Our manufacturing facility is located at our headquarters in Taizhou, Jiangsu and occupies 57,977 sq.m. of land. Our drug substance manufacturing site has four 2,000L single-use bioreactors and one downstream purification/production line with an annual manufacturing capacity of approximately 300 kg therapeutic antibodies. Our drug product manufacturing site has one vial fill-finish and packaging production line for 2 ml, 10 ml and 30 ml vials, with a manufacturing capacity of 18,000 vials/hour, and one prefilled syringe production line for 1 ml and 2 ml syringes, with a manufacturing capacity of 9,000 syringes/hour. We have completed the manufacturing of multiple batches of drug substance and drug products (including QX001S and our Core Products, QX002N and QX005N) for various clinical trials, scale-up research and/or BLA-required process validation. We produced 11 batches of drug substances in each of 2021 and 2022 and successfully released 8 batches in 2021 and 10 batches in 2022 (with the remaining batches being 200L pilot scale batches dedicated for process optimization and therefore not qualified to be released for clinical use). During the same time, we also produced over 20 batches of drug products, all of which were released successfully. In the five months ended May 31, 2023, we produced five batches of drug substances and ten batches of drug products, among which four batches and ten batches were released successfully, respectively. The expected maximum number of drug substance and drug product batches that can be released annually are 40 and 120, respectively. We believe that our self-owned cGMP-standard manufacturing capability, coupled with our strong R&D capability, will allow us to achieve reliable cost control and ensure stable clinical and commercial drug supply to weather any supply chain disruptions.

COMMERCIALIZATION

In order to ensure the successful launch of our first expected commercial drug, QX001S, we entered into a strategic collaboration agreement with Zhongmei Huadong, a subsidiary of Huadong Medicine, in August 2020, with respect to the joint development and exclusive commercialization of QX001S in China. Huadong Medicine is experienced in chronic disease management and has strong sales networks for autoimmune and allergic drugs. As we are at an early stage of preparation for future commercialization of our drug candidates, building a large commercialization team would be time-consuming and expensive, which would increase our commercial risk and distract us from our R&D efforts. To address this conundrum, we strategically choose to cooperate with established pharmaceutical companies to quickly and cost-effectively commercialize selected products. We believe that the strategic cooperation with Huadong Medicine will help ensure effective and efficient commercialization of QX001S. Going forward, we also plan to leverage the strong physician resources and networks of established pharmaceutical companies to build connections with participants in the drug sales and distribution chain, to prepare us for future commercial launches of our other drug

candidates. In the future, we plan to build a relatively small, indication-specialized in-house commercialization team, beginning with indications with relatively limited patient populations treated in a small number of key hospitals, leveraging our deep understanding of these indications and physician resources.

COLLABORATION WITH ZHONGMEI HUADONG

On August 14, 2020, we entered into a collaboration agreement (the "QX001S Agreement") with Zhongmei Huadong, a subsidiary of Huadong Medicine, with respect to the joint development and exclusive commercialization of QX001S in China. Huadong Medicine is a leading PRC pharmaceutical company listed on the Shenzhen Stock Exchange, whose business covers the whole pharmaceutical industrial chain, integrating R&D, manufacturing and sales of medicine. While Huadong Medicine (including Zhongmei Huadong) is a large comprehensive pharmaceutical company with strong sales networks for autoimmune and allergic drugs, we do not consider it to be our competitor primarily because (i) for the same skin disease indications, such as Ps and AD, Huadong Medicine's focus is primarily on developing systematic topical drugs that are more commonly used for mild diseases, which would not directly compete with our biologic drug candidates that are intended for more severe cases and instead are complementary to our business; (ii) while Zhongmei Huadong had a biologic drug candidate for SLE in the clinical trial stage as of the Latest Practicable Date, we do not consider it to be a direct competitor to QX006N as these two drug candidates have different mechanisms of action and both are still in early clinical trial stage with considerable time before their commercialization (if at all); and (iii) in 2022, Huadong Medicine obtained the commercialization right of etanercept (a TNF inhibitor) and tofacitinib (a JAK inhibitor), both developed by Pfizer, for the treatment of AS in China, but we believe they will primarily cover a different patient population from QX002N as QX002N targets IL-17A, a promising target that has shown clear clinical benefit in AS patients who are intolerant to or fail to achieve adequate disease control with TNF-α inhibitors and there still remain concerns over the safety profile of JAK inhibitors.

Pursuant to the QX001S Agreement, we agree to grant Zhongmei Huadong joint clinical development, manufacturing and exclusive commercialization rights of QX001S in China. We retain the full development and commercialization rights of QX001S outside China. Zhongmei Huadong and we agree to establish a joint development committee (the "JDC") to manage the joint clinical development of QX001S, which shall be responsible for overseeing the development, clinical trials and registrational matters of QX001S before its commercial launch. In addition, we shall be responsible for completing the relevant ongoing preclinical studies and the Phase I clinical trial of QX001S for the treatment of Ps before the date of execution of the QX001S Agreement as well as conducting any subsequent supplemental preclinical and clinical studies that the NMPA may require prior to the Phase III clinical trial for this indication at our cost. Zhongmei Huadong and we also agree to establish a joint sales committee (the "JSC") for the commercialization of QX001S, which shall be responsible for overseeing the commercialization, manufacturing and marketing expense proposal of QX001S and other commercialization-related work. In particular, Zhongmei Huadong shall be the Marketing Authorization Holder ("MAH") of QX001S in China to exclusively conduct

marketing activities and commercialization of QX001S, who shall make commercially reasonable efforts to promote such commercialization. Jiangsu Cellularforce Biopharma Co., Ltd. ("Cellularforce"), our CMC-focused subsidiary, shall be solely responsible for the commercial production of QX001S.

We are the sole owner of all intellectual property (including trade secrets) associated with QX001S that were developed by us independently before the date of the QX001S Agreement. We and Zhongmei Huadong shall be the co-owners of any intellectual property (including trade secrets) (the "Co-Developed IP rights") associated with QX001S that are developed since the date of the QX001S Agreement. Any of the aforementioned intellectual property (including trade secrets) may be used at no cost by both parties in China and solely by us outside China. With respect to the Co-Developed IP rights, Zhongmei Huadong shall be primarily responsible for the relevant application and registrational matters in China while we shall be responsible for such application and registrational matters outside China. If a party decides to abandon any intellectual property (including trade secrets) mentioned therein, the other party shall be entitled to a priority transfer.

Zhongmei Huadong shall make an upfront payment of RMB30 million to us within ten days upon the execution of the QX001S Agreement and also make a milestone payment of RMB20 million to us within ten days after we complete the sample production of QX001S for a Phase III clinical trial and have, upon a consultation with the CDE of the NMPA, obtained consent to proceed with such trial. Both the upfront payment and milestone payment are non-refundable. As of the Latest Practicable Date, we had received the upfront payment and milestone payment in a total of RMB50 million from Zhongmei Huadong under the QX001S Agreement. In addition, during the joint development, Zhongmei Huadong shall be responsible for any expenses related to the clinical trials and regulatory communication and registration for QX001S; we shall be responsible for expenses related to the sample production and process development and optimization prior to the commercialization of QX001S. The accumulative pre-tax profit generated from sales of QX001S in China (as calculated pursuant to the QX001S Agreement), after setting off the accumulative losses attributable to the commercialization of QX001S incurred in prior years (if any), shall be shared by Zhongmei Huadong and us on a 50:50 basis.

To ensure that the production of QX001S is in compliance with the relevant regulations and technical specifications, Zhongmei Huadong and Cellularforce entered into a production quality agreement on June 16, 2022 (as amended on October 25, 2022, March 16, 2023 and April 26, 2023), which provides that Cellularforce's production of QX001S shall follow the detailed requirements as specified in this agreement and each party shall be responsible for carrying out respective duties as required by the relevant law or regulation. On September 28, 2022, Zhongmei Huadong and Cellularforce further entered into a supply agreement (the "QX001S Supply Agreement") with respect to the commissioned production of QX001S. Pursuant to the QX001S Supply Agreement, Zhongmei Huadong may place production orders of QX001S with Cellularforce after Zhongmei Huadong completes the onsite assessment and verification of Cellularforce's manufacturing facility and obtains approval for the commissioned production as required by the relevant regulatory authorities, and Cellularforce

is entitled to commission fees per orders completed, the calculation and settlement of which shall be determined in subsequent supplemental agreements. As of the Latest Practicable Date, Zhongmei Huadong had completed the onsite assessment and verification of the manufacturing facility.

We believe this collaboration with Huadong Medicine will enable us to leverage its market access, nationwide sales and marketing network targeting the autoimmune and allergic disease field as well as its extensive experience in chronic disease management, which will be crucial to ensure rapid commercialization of QX001S. For further details, please refer to "Business—Collaboration with Zhongmei Huadong."

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we held 33 patents in China, including 30 invention patents and 3 utility models, as well as 8 patents overseas. As of the same date, we also had 39 patent applications pending in China and overseas. In particular, with respect to our Core Products, we had eight registered patents and two pending patent applications for QX002N and five registered patents and four pending patent applications for QX005N. All of our patents and patent applications as of the Latest Practicable Date are self-owned. See "Business—Intellectual Property" for key information of our material patents and patent applications. As of the Latest Practicable Date, we had registered 82 trademarks and 1 trademark application in the PRC and Hong Kong. As of the same date, we were also the registered owner of 21 domain names in the PRC. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material proceeding in respect of, and we had not received notice of any material claim of infringement of, any intellectual property rights that may be threatened or pending, in which we may be a claimant or a respondent that may have a material adverse impact on us.

RAW MATERIALS AND SUPPLIERS

During the Track Record Period, we primarily procured raw materials and consumables for the development and manufacture of our drug candidates from reputable domestic and overseas suppliers. Our purchases mainly include third-party contracting services for preclinical and clinical studies of our drug candidates (including patient recruitment, services from hospitals as trial sites and typical CRO services in line with market practice, such as toxicity or PK/PD studies, the daily management of a clinical study, record keeping and report preparation) as well as raw materials, consumables and equipment. In the years ended December 31, 2021 and 2022 and the five months ended May 31, 2023, our purchases from our five largest suppliers in the aggregate accounted for 26.3%, 27.4% and 28.9% of our total purchases in the same periods, respectively, while purchases from our largest supplier accounted for 8.3%, 12.1% and 13.5% of our total purchases in the same periods, respectively. See "Business—Raw Materials and Suppliers" for further details.

OUR CONTROLLING SHAREHOLDERS AND CONTINUING CONNECTED TRANSACTIONS

Immediately upon completion of the [**REDACTED**] and without taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**], Mr. Qiu will, directly or through Hangzhou Quanyi, Shanghai Quanyou and Xinfu Tongxin, control the voting rights of approximately [**REDACTED**]% of the total share capital of our Company.

Hangzhou Quanyi is an investment holding general partnership owned as to 50% by Mr. Qiu and 50% by Mr. Yu Guo'an (余國安) as its general partners. Mr. Qiu and Mr. Yu Guo'an first became acquainted in February 2004 when Mr. Qiu joined Hangzhou Epitomics as its deputy general manager and Mr. Yu Guo'an served as the general manager of Hangzhou Epitomics at that time. Pursuant to the supplemental partnership agreement of Hangzhou Quanyi entered into between Mr. Qiu and Mr. Yu Guo'an on February 5, 2022, Mr. Qiu and Mr. Yu Guo'an agreed and confirmed, among others, that since the date of establishment of our Company, they have been and would continue to be parties acting in concert and they have agreed to consult with each other and reach a consensus between themselves before making the decisions and exercising their voting rights through Hangzhou Quanyi at the Board and Shareholders' meetings and in the event that they are unable to reach consensus on any matter presented, the decisions of Mr. Qiu shall prevail. Shanghai Quanyou is an investment holding limited partnership whose general partner is Mr. Qiu. Xinfu Tongxin is one of our employee share incentive platforms whose general partner is Mr. Qiu. Accordingly, Mr. Qiu, Mr. Yu Guo'an, Hangzhou Quanyi, Shanghai Quanyou and Xinfu Tongxin constitute a group of our Controlling Shareholders under the Listing Rules.

We have entered into certain agreements with Zhongmei Huadong, one of our substantial shareholders, who will become a connected person of our Company upon [**REDACTED**] and the transactions contemplated under such agreements will constitute connected transactions of our Company under Chapter 14A of the Listing Rules upon [**REDACTED**]. For details, see "Connected Transactions."

[**REDACTED**] INVESTMENTS

We have concluded several rounds of [**REDACTED**] Investments and raised a total of RMB1,261.5 million. According to the PRC Company Law, all current Shareholders (including the [**REDACTED**] Investors) are subject to a lock-up period of 12 months following the [**REDACTED**]. We have a broad and diverse base of [**REDACTED**] Investors. Among our [**REDACTED**] Investors, each of Zhongmei Huadong, Hongtai Aplus, Taizhou Huayin, Matrix Partners China, Triwise Capital and Shenzhen Lucky-source is a [**REDACTED**] who has made meaningful investment in our Company in accordance with Guidance Letter HKEX-GL92-18. Upon completion of the [**REDACTED**] and without taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**], (i) Zhongmei Huadong will be interested in approximately [**REDACTED**]% of the total issued share capital of our Company; (ii) Hongtai Aplus will be interested in approximately [**REDACTED**]% of the total issued share capital of our Company; (iii) Taizhou Huayin will be interested in approximately

[**REDACTED**]% of the total issued share capital of our Company; (iv) Matrix Partners China will be interested in approximately [**REDACTED**]% of the total issued share capital of our Company; (v) Triwise Capital will be interested in approximately [**REDACTED**]% of the total issued share capital of our Company; and (vi) Shenzhen Lucky-source will be interested in approximately [**REDACTED**]% of the total issued share capital of our Company. For details, see "History and Corporate Structure—[**REDACTED**] Investments."

SUMMARY OF KEY FINANCIAL INFORMATION

This summary historical financial information set forth below is derived from, and should be read in conjunction with, our consolidated financial information, together with the accompanying notes, set forth in "Appendix I—Accountants' Report" to this document, as well as the information set forth in "Financial Information" of this document. Our consolidated financial information has been prepared in accordance with IFRS.

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated.

	Year ended December 31,		Five months ended May 31,	
	2021	2022	2022	2023
			(unaudited)	
	(Renminbi in thousands)			
Administrative expenses	(48,804)	(76,603)	(18,462)	(81,196)
Research and development expenses	(151,887)	(257,214)	(97,079)	(142,711)
Loss from operations	(168,622)	(293,689)	(101,400)	(215,761)
Loss before taxation	(426,544)	(312,381)	(110,902)	(224,366)
Loss for the year/period	(426,471)	(312,308)	(110,872)	(224,336)
Loss attributable to:				
Equity shareholders of the Company	(411,039)	(298,191)	(107,347)	(215,762)
Non-controlling interests	(15,432)	(14,117)	(3,525)	(8,574)

Our net loss decreased from RMB426.5 million to RMB312.3 million from 2021 to 2022, primarily because we did not recognize any changes in the carrying amount of financial liabilities associated with certain preferred rights granted to certain [**REDACTED**] Investors in 2022 as such preferred rights were waived by our [**REDACTED**] Investors in July 2021, partially offset by an increase in our research and development expenses from RMB151.9 million in 2021 to RMB257.2 million in 2022, primarily attributable to an increase in engagement costs of CROs and trial sites and our R&D staff costs. Our net loss increased from

RMB110.9 million in the five months ended May 31, 2022 to RMB224.3 million in the five months ended May 31, 2023, primarily attributable to (i) an increase in our staff costs as we amortized the additional equity incentives granted in October 2022 in the five months ended May 31, 2023 and (ii) an increase in our engagement costs of CROs and trials sites as we advance our drug development pipeline.

Summary of Consolidated Statements of Financial Position

	As of December 31,		Five months ended May 31,
	2021	2022	2023
	(Renminbi in thousands)		
Total non-current assets	419,232	399,152	389,870
Total current assets	648,261	635,948	535,044
Total current liabilities	69,673	122,190	133,522
Net current assets	578,588	513,758	401,522
Total assets less current liabilities	997,820	912,910	791,392
Total non-current liabilities	293,654	251,497	252,994
Net assets	704,166	661,413	538,398
Total equity attributable to equity shareholders of the Company	670,351	641,715	527,274
Non-controlling interests	33,815	19,698	11,124

The decrease in our net current assets from RMB578.6 million as of December 31, 2021 to RMB513.8 million as of December 31, 2022 was primarily due to an increase of RMB45.6 million in interest-bearing borrowings, primarily attributable to (i) a reclassification of RMB29.7 million from the non-current portion to the current portion of our secured bank loan of RMB300.0 million obtained in 2020 and (ii) short-term bank loans of RMB15.9 million obtained by one of our subsidiaries to fund working capital needs. The decrease in our net current assets from RMB513.8 million as of December 31, 2022 to RMB401.5 million as of May 31, 2023 was primarily attributable to a decrease of RMB270.3 million in our financial assets at fair value through profit or loss as we reduced purchasing of wealth management products in the five months ended May 31, 2023, which outpaced the increase in cash and cash equivalents of only RMB150.6 million, as we spent cash to support our daily operations in the five months ended May 31, 2023.

The decrease in our net assets from RMB704.2 million as of December 31, 2021 to RMB661.4 million as of December 31, 2022 was primarily attributable to our net loss of RMB312.3 million in 2022, partially offset by issuance of ordinary shares in the Series C Financing of RMB227.5 million and an increase in share-based payment reserve of RMB41.6 million. The decrease in our net assets from RMB661.4 million as of December 31, 2022 to RMB538.4 million as of May 31, 2023 was primarily attributable to our net loss of RMB224.3 million in the five months ended May 31, 2023, partially offset by an increase in share-based payment reserve of RMB71.8 million and capital injection of RMB29.5 million from shares issued under Employee Share Incentive Scheme.

Summary of Consolidated Statements of Cash Flows

	Year ended December 31,		Five months ended May 31,	
	2021	**2022**	**2022**	**2023**
			(unaudited)	
			(Renminbi in thousands)	
Net cash used in operating activities	(122,576)	(225,212)	(78,829)	(142,385)
Net cash (used in)/generated from investing activities	(247,416)	(5,704)	(103,961)	272,207
Net cash generated from financing activities	281,482	211,494	238,007	21,684
Net (decrease)/increase in cash and cash equivalents	(88,510)	(19,422)	55,217	151,506
Cash and cash equivalents at beginning of the year/period	309,287	218,055	218,055	213,090
Effect of foreign exchange rate changes	(2,722)	14,457	7,338	(920)
Cash and cash equivalents at ending of the year/period	218,055	213,090	280,610	363,676

We had net cash outflows from our operating activities during the Track Record Period. Substantially all of our operating cash outflows resulted from research and development expenses and general and administrative expenses. Our primary uses of cash during the Track Record Period were funding our research and development of our biologic drug candidates, purchase of raw materials, settlement of construction fees of our manufacturing facility in Taizhou, as well as other working capital needs. During the Track Record Period, we primarily funded our working capital requirement through equity financing. We monitor and maintain a level of cash and cash equivalents we consider adequate to finance our operations and mitigate the effects of fluctuations in cash flows. Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of bank balances, [**REDACTED**] from the [**REDACTED**], bank and other borrowings and cash generated from our operations.

Our Directors are of the opinion that, taking into account the financial resources available to our Group, including cash and cash equivalents, short-maturity financial products we purchased, unutilized bank facilities and the estimated [**REDACTED**] from the [**REDACTED**], we have sufficient working capital to cover at least 125% of our costs, including general, administrative and operating costs and research and development costs, for at least the next 12 months from the date of this document.

Our cash burn rate refers to our average monthly (i) net cash used in operating activities, which includes research and development expenses, and (ii) capital expenditures. Taking into account our cash and cash equivalents and short-maturity financial products we purchased, and assuming average monthly net cash used in operating activities and capital expenditures going forward of 1.5 times the average level in 2021 and 2022, we estimate we will be able to maintain our financial viability for 22.6 months from the date of this document without considering [**REDACTED**] from the [**REDACTED**]; or, if we also take into account the [**REDACTED**] from [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the [**REDACTED**] of the indicative [**REDACTED**]), 31.0 months from the date of this document. Our Directors and our management team will continue to monitor our working capital, cash flows and our business development status.

KEY FINANCIAL RATIO

Our current ratio, which equals current assets divided by current liabilities, was 9.3, 5.2 and 4.0 as of December 31, 2021 and 2022 and May 31, 2023, respectively. See "Financial Information—Key Financial Ratio" for details.

THE [REDACTED]

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

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

- the [**REDACTED**] by us of initially [**REDACTED**] H Shares, or [**REDACTED**], outside the U.S. (including to professional, institutional and other investors within Hong Kong) in offshore transactions in reliance on Regulation S and in the U.S. to qualified institutional buyers in reliance on Rule 144A or another exemption from the registration requirements under the U.S. Securities Act, referred to in this document as the [**REDACTED**].

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

[REDACTED] STATISTICS

	Based on the [REDACTED] of HK$[REDACTED]	Based on the [REDACTED] of HK$[REDACTED]
	(HK$)	*(HK$)*
Market capitalization of our Shares (approximation)[2]	[REDACTED]	[REDACTED]
Unaudited *pro forma* adjusted net tangible assets per Share	[REDACTED]	[REDACTED]

Notes:

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

(2) The calculation of market capitalization is based on [**REDACTED**] Shares expected to be in issue immediately after completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

(3) The unaudited pro forma adjusted net tangible assets per Share is calculated after making the adjustments referred to in "Financial Information—Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets" in this document.

RECENT DEVELOPMENTS

BLA Submission of QX001S for Ps in China

Zhongmei Huadong, a subsidiary of Huadong Medicine and our commercialization partner for QX001S, submitted a BLA in China in July 2023, which was accepted by the NMPA in August 2023 and under review as of the date of this document. See "Business—Our Drug Candidates—Our Other Key Product Candidates—QX001S—Psoriasis—Material Communications and Next Steps" for details.

Completion of Clinical Trials

Phase Ia Clinical Trial of QX004N for Ps

We completed a Phase Ia clinical trial of QX004N for the Ps indication in September 2023. In this trial, QX004N showed a good safety profile. See "Business—Our Drug Candidates—Other Key Product Candidates—QX004N—Psoriasis—Summary of Clinical Trials—Phase Ia Clinical Trial" for details.

Phase II Clinical Trial of QX002N for AS

We completed a Phase II clinical trial of QX002N for AS in August 2023. In this trial, QX002N demonstrated a good safety profile and promising efficacy. The ASAS20 and ASAS40 response rates of subjects receiving QX002N (160 mg) once every 4 weeks reached 60.0% and 40.0% at week 16, respectively. See "Business—Our Drug Candidates—Our Core Products—QX002N—Ankylosing Spondylitis—Summary of Clinical Trials—Phase II Clinical Trial" for details.

Phase Ia Clinical Trial of QX006N for SLE

We completed a Phase Ia clinical trial of QX006N in healthy subjects in China in July 2023. In this trial, QX006N was well-tolerated in healthy subjects in all dose groups and demonstrated a good safety profile. See "Business—Our Drug Candidates—Our Other Key Product Candidates—QX006N—Systemic Lupus Erythematosus—Summary of Clinical Trials—Phase Ia Clinical Trial" for details.

Phase Ia Clinical Trial of QX008N

We completed a Phase Ia clinical trial of QX008N in healthy subjects in China in July 2023. In this trial, QX008N demonstrated a good safety profile and dose-proportional PK. See "Business—Our Drug Candidates—Our Other Key Product Candidates—QX008N—Asthma—Summary of Clinical Trials—Phase Ia Clinical Trial" for details.

Phase III Clinical Trial of QX001S for Ps

We completed a Phase III clinical trial of QX001S in patients with moderate-to-severe plaque Ps in China in June 2023. In this trial, QX001S demonstrated clinical equivalence to ustekinumab in terms of efficacy, safety, immunogenicity and PK profile. See "Business—Our Drug Candidates—Our Other Key Product Candidates—QX001S—Psoriasis—Summary of Clinical Trials—Phase III Clinical Trial" for details.

Commencement of Clinical Trials

Phase II Clinical Trial of QX004N for Ps

We commenced a Phase II clinical trial of QX004N for the treatment of Ps in China in September 2023. We expect to complete such trial in the first half of 2025. See "Business—Our Drug Candidates—Our Other Key Product Candidates—QX004N—Psoriasis—Summary of Clinical Trials—Ongoing Phase II Clinical Trial" for details.

Phase III Clinical Trial of QX002N for AS

We commenced a Phase III clinical trial of QX002N for the treatment of AS in China in September 2023. We expect to complete such trial in the second half of 2025. See "Business—Our Drug Candidates—Our Core Products—QX002N—Ankylosing Spondylitis—Summary of Clinical Trials—Ongoing Phase III Clinical Trial" for details.

Phase Ib Clinical Trial of QX008N for asthma

We commenced a Phase Ib clinical trial of QX008N for the treatment of asthma in China in August 2023. We expect to complete such trial in the second half of 2024. See "Business—Our Drug Candidates—Our Other Key Product Candidates—QX008N—Asthma—Summary of Clinical Trials—Ongoing Phase Ib Clinical Trial" for details.

IND Approval for QX005N for COPD

We obtained an IND approval of QX005N for treatment of COPD from the NMPA on September 14, 2023. See "Business—Our Drug Candidates—Our Core Products—QX005N—Chronic Obstructive Pulmonary Disease" for details.

Impact of the COVID-19 Outbreak

We have not experienced any material disruption since the outbreak of the COVID-19 pandemic for our clinical activities, such as patient recruitment and clinical trials. The COVID-19 outbreak has caused some delays in certain clinical trials of QX002N, QX004N, QX005N, QX006N and QX008N in China. For example, our Phase II clinical trial of QX002N for AS, which commenced in January 2022, experienced delay in the completion of patient enrollment for approximately two months (from the expected completion in July 2022 to September 2022) and interruption in follow-up visits of some patients due to COVID-19-related lockdown measures in cities where our clinical trial sites/patients were located. In the Phase Ib clinical trial of QX005N for AD, due to COVID-19-related lockdown measures, one patient was lost to follow-up, whose data were considered invalid. However, the COVID-19 pandemic has not had a material impact on our overall clinical activities and development timeline. As of the Latest Practicable Date, the outbreak of COVID-19 had not caused any early termination of our clinical trials. We have employed various measures to mitigate any impact of the COVID-19 pandemic on our ongoing clinical trials and patient participation, including engaging new clinical trial sites to diversify the geographical location of clinical trials, adopting a variety of remote working tools in clinical trials, including remote monitoring, video and/or phone call visits, electronic consent and electronic health records, engaging in frequent communications with our CROs and principal investigators to identify and address any issues that may arise and suggesting the investigators to encourage enrolled patients to

visit qualified local hospitals for follow-up evaluations if necessary. For instance, in response to the endemic outbreak of COVID-19 in various cities in 2022, in an effort to to reduce the risk of being impacted by local outbreak of COVID-19 and related prevention and control policies, we engaged over 29 trial sites in over 16 provinces or municipalities in 2022 for our Phase II clinical trial of QX005N in adult patients with PN to diversify the geographic locations of our trial sites. Accordingly, such trial was not materially impacted by the COVID-19 pandemic. The trial sites of our ongoing clinical trials scatter in cities around China, including Beijing, Tianjin, Changsha, Hangzhou, Guangzhou, Changchun and Xi'an, among others. Given that the PRC government has substantially lifted its COVID-19 prevention and control policies since December 2022, our Directors are of the view that it is unlikely that the COVID-19 pandemic will have a material adverse effect on our business going forward.

During the Track Record Period and up to the Latest Practicable Date, the COVID-19 pandemic did not have any material adverse effect on our results of operations and financial position. However, we cannot assure you that the COVID-19 pandemic will not further escalate or have material adverse effect on our performance in the future. Please see "Risk Factors—Risks Relating to Our Operations—We may experience additional challenges related to the COVID-19 pandemic" for details.

Financial Performance

For the three months ended August 31, 2023, based on our internal financial data, our net loss increased compared to the same period in 2022 mainly due to (i) amortization of the additional equity incentives granted in October 2022 and (ii) increased engagement costs of CROs and trials sites as we advance our drug development pipeline.

Certain Management Estimates

We expect our net loss in 2023 to increase compared to 2022, primarily attributable to significant increases in (i) our equity-settled share-based payment expenses as we amortize such expenses during the respective equity incentive's vesting period and (ii) our research and development expenses as we advance our drug development pipeline.

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, mortgage, contingent liabilities, guarantees or prospects since May 31, 2023, the end of the period reported on in the Accountants' Report set out in Appendix I to this document.

FUTURE PLANS AND [REDACTED]

We estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] after deducting the [**REDACTED**] and expenses payable by us in the [**REDACTED**], assuming no exercise of the [**REDACTED**] and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the [**REDACTED**] of the indicative [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**] set out in this document. We intend to use the [**REDACTED**] from the [**REDACTED**] for the following purposes:

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated for the development and registration of our Core Product, QX002N, of which;
  - approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to the Phase III clinical trial for the treatment of AS; and
  - approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated for the CMC costs and the preparation of requisite registration filings of QX002N;
- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated for the development and registration of our other Core Product, QX005N, of which;
  - approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to QX005N for the treatment of AD, of which approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to the Phase II clinical trial; and approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to the Phase III clinical trial;
  - approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to QX005N for the treatment of PN, of which approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to the Phase II clinical trial; and approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to the Phase III clinical trial;
  - approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated for the Phase II clinical trials of QX005N for the treatment of CRSwNP; and
  - approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated for the CMC costs and the preparation of requisite registration filings of QX005N;
- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated for the development and registration of QX004N;
- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated for clinical development of our other clinical-stage products, including QX006N and QX008N; and
- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated for the research and development of our early-stage assets, including QX007N, QX010N and QX013N, and drug discovery.

RISK FACTORS

There are certain risks and uncertainties involved in investing in our H Shares, some of which are beyond our control. These risks are set out in "Risk Factors" in this document. Some of the major risks we face include: (i) our drug candidates will be subject to intense competition with biologic drugs and other drugs for autoimmune and allergic diseases after commercialization and may fail to compete effectively against their competitors; (ii) we depend substantially on the success of our drug candidates, all of which are undergoing preclinical or clinical development and if we are unable to successfully complete clinical development of our drug candidates, or experience significant delays in doing so, our business prospects will be significantly impacted; (iii) we have incurred significant operating losses since our inception and anticipate that we will continue to incur operating losses for the foreseeable future and may never become profitable; (iv) we have no track record in commercializing our drug candidates and our collaboration with pharmaceutical companies to market our drug candidate and our plan to establish an indication-specialized in-house commercialization team may not materialize as we expected; and (v) if we are unable to obtain and maintain patent protection for our drug candidates through intellectual property rights, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us, and the commercial prospects of our drug candidates would be materially and adversely affected.

[**REDACTED**] EXPENSES

Our [**REDACTED**] expenses include [**REDACTED**], professional fees and other fees incurred in connection to the [**REDACTED**] and the [**REDACTED**]. [**REDACTED**] expenses to be borne by us are estimated to be approximately RMB[**REDACTED**] (HK$[**REDACTED**]), constituting approximately [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**], and assuming no Shares are issued pursuant to the [**REDACTED**]. The [**REDACTED**] expenses include fees and expenses of the Sole Sponsor and [**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the [**REDACTED**] of the indicative [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]) of approximately RMB[**REDACTED**], fees and expenses of legal advisors and accountants of approximately RMB[**REDACTED**] and other fees and expenses of approximately RMB[**REDACTED**], primarily including fees and expenses of internal control consultant, financial printer, industry consultant and background search agent. During the Track Record Period, we incurred a total of RMB[**REDACTED**] (HK$[**REDACTED**]) in [**REDACTED**] expenses, among which RMB[**REDACTED**] (HK$[**REDACTED**]) was recognized in our consolidated statement of profit or loss, and RMB[**REDACTED**] (HK$ [**REDACTED**]) was directly attributable to the issue of our Shares to the public and will be deducted from equity upon the [**REDACTED**]. We estimate that we will incur additional [**REDACTED**] expenses of approximately RMB[**REDACTED**] (HK$[**REDACTED**]), of which approximately RMB[**REDACTED**] (HK$[**REDACTED**]) is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[**REDACTED**] (HK$[**REDACTED**]) is directly attributable to the issue of our shares to the public and will be deducted 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.