东曜药业

東曜藥業股份有限公司

TOT BIOPHARM International Company Limited

(Incorporated in Hong Kong with limited liability)

Stock Code: 1875

GLOBAL OFFERING

Sole Sponsor

ICBC 工银国际

Joint Global Coordinators

ICBC 工银国际　元大證券(香港)有限公司 Yuanta Securities (Hong Kong) Co., Ltd.

Joint Bookrunners

ICBC 工银国际　元大證券(香港)有限公司 Yuanta Securities (Hong Kong) Co., Ltd.　China Renaissance 华兴资本　光大新鸿基 EVERBRIGHT SUN HUNG KAI

IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

TOT BIOPHARM International Company Limited
東曜藥業股份有限公司

(Incorporated in Hong Kong with limited liability)

Global Offering

Total number of Offer Shares	**:**	**90,000,000 Shares (subject to the Over-Allotment Option)**
Number of Hong Kong Offer Shares	**:**	**9,000,000 Shares (subject to adjustment)**
Number of International Offer Shares	**:**	**81,000,000 Shares (subject to adjustment and the Over-Allotment Option)**
Offer Price	**:**	**Not more than HK$7.55 per Offer Share and expected to be not less than HK$6.55 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application and subject to refund on final pricing)**
Stock code	**:**	**1875**

Sole Sponsor

ICBC 工银国际

Joint Global Coordinators

ICBC 工银国际　　元大證券(香港)有限公司 Yuanta Securities (Hong Kong) Co., Ltd.

Joint Bookrunners

ICBC 工银国际　　元大證券(香港)有限公司 Yuanta Securities (Hong Kong) Co., Ltd.　　China Renaissance 华兴资本　　光大新鸿基 EVERBRIGHT SUN HUNG KAI

Joint Lead Managers

ICBC 工银国际　　元大證券(香港)有限公司 Yuanta Securities (Hong Kong) Co., Ltd.　　China Renaissance 华兴资本　　光大新鸿基 EVERBRIGHT SUN HUNG KAI　　六福金融 LUKFOOK FINANCIAL

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between ICBCI Capital (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or about November 1, 2019 and, in any event, not later than November 4, 2019. The Offer Price will be not more than HK$7.55 per Offer Share and is currently expected to be not less than HK$6.55 per Offer Share. Applicants for the Offer Shares are required to pay, on application, the maximum Offer Price of HK$7.55 for each Hong Kong Offer Share together with brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK$7.55. If, for any reason, the Offer Price is not agreed by November 4, 2019 between ICBCI Capital (for itself and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

ICBCI Capital, on behalf of the Underwriters, may, with the consent of our Company, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that is stated in this prospectus (being HK$6.55 per Share to HK$7.55 per Share) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.totbiopharm.com.cn** as soon as practicable but in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Further details are set forth in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this prospectus, in particular, the risk factors set out in the section headed "Risk Factors". The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure subscribers for, the Hong Kong Offer Shares, are subject to termination by ICBCI Capital (for itself and on behalf of the Hong Kong Underwriters) if certain events shall occur prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting" in this prospectus.

The Offer Shares have not been and will not be registered under the US Securities Act or any state securities law in the United States and may not be offered or sold, pledged or transferred within the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act. The Offer Shares are being offered and sold (1) to QIBs in reliance on Rule 144A or another exemption from registration under the US Securities Act and (2) outside the United States in offshore transactions in reliance on Regulation S under the US Securities Act.

October 29, 2019

EXPECTED TIMETABLE[1]

Latest time to complete electronic applications under **HK eIPO White Form** service through the designated website at **www.hkeipo.hk**[2] . . . . . 11:30 a.m. on Friday, November 1, 2019

Application lists of the Hong Kong Public Offering open[3] . . 11:45 a.m. on Friday, November 1, 2019

Latest time to lodge **WHITE** and **YELLOW** Application Forms . . . . . 12:00 noon on Friday, November 1, 2019

Latest time to give **electronic application instructions** to HKSCC[4] . . . . . 12:00 noon on Friday, November 1, 2019

Latest time to complete payment for **HK eIPO White Form** applications by effecting Internet banking transfer(s) or PPS payment transfer(s) . . . . . 12:00 noon on Friday, November 1, 2019

Application lists of the Hong Kong Public Offering close . . 12:00 noon on Friday, November 1, 2019

Expected Price Determination Date[5] . . . . . Friday, November 1, 2019

Announcement of:

- the Offer Price;
- the indication of the level of interest in the International Offering;
- the indication of the level of interest in the Hong Kong Public Offering; and
- the basis of allocation of the Hong Kong Offer Shares

to be published on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our website at **www.totbiopharm.com.cn**[6] on or before . . . . . Thursday, November 7, 2019

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels (see "How to Apply for Hong Kong Offer Shares") from . . . . . Thursday, November 7, 2019

Results of allocations in the Hong Kong Public Offering will be available at **www. tricor.com.hk/ipo/result** (alternatively **www.hkeipo.hk/IPOResult**) with a "search by ID Number/Business Registration Number" function from . . . . . Thursday, November 7, 2019

Dispatch of share certificates in respect of wholly or partially successful applications on or before[7] . . . . . Thursday, November 7, 2019

Dispatch of **HK eIPO White Form** e-Auto refund payment instructions and/or refund cheques (if applicable) in respect of wholly or partially unsuccessful applications on or before[8] . . . . . Thursday, November 7, 2019

Dealings in Shares on the Hong Kong Stock Exchange to commence at . . . . . 9:00 a.m. on Friday, November 8, 2019

Notes:

(1) All times refer to Hong Kong local time unless otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

(2) You will not be permitted to submit your application through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, November 1, 2019, the application lists will not open and close on that day. See "How to apply for Hong Kong Offer Shares — 10. Effect of bad weather on the opening of the application lists" in this prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares — 6. Applying by Giving **Electronic Application Instructions** to HKSCC via CCASS" in this prospectus.

(5) The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or around Friday, November 1, 2019, and, in any event, not later than Monday, November 4, 2019. If, for any reason, the Offer Price is not agreed between ICBCI Capital (for itself and on behalf of the Underwriters) and us by Monday, November 4, 2019, the Global Offering will not proceed and will lapse.

(6) None of the websites or any of the information contained on the websites forms part of this prospectus.

(7) Share certificates for the Offer Shares are expected to be issued on or before November 8, 2019 but will only become valid certificates of title provided that (i) the Global Offering has become unconditional in all respects, and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

(8) e-Auto refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price is less than the price payable on application.

The above expected timetable is a summary only. You should refer to "Underwriting", "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus for details relating to the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by TOT BIOPHARM International Company Limited solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers, the Underwriters, any of our or their respective directors or any other person or party involved in the Global Offering.

Page

Expected Timetable i

Contents iii

Summary 1

Definitions 20

Glossary of Technical Terms 33

Forward-looking Statements 38

Risk Factors 40

Waivers from Strict Compliance with the Listing Rules and Exemptions from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance 103

Information about this Prospectus and the Global Offering 112

Directors and Parties Involved in the Global Offering 116

CONTENTS

Page

Corporate Information 121

Industry Overview 123

Regulatory Overview 137

History and Development 160

Business 182

Connected Transactions 259

Directors and Senior Management 263

Substantial Shareholders 276

Relationship with Centerlab 278

Share Capital 284

Financial Information 287

Cornerstone Investors 324

Future Plans and Use of Proceeds 329

Underwriting 331

Structure of the Global Offering 342

How to Apply for Hong Kong Offer Shares 352

Appendix I – **Accountant's Report** I-1

Appendix II – **Unaudited Pro Forma Financial Information** II-1

Appendix III – **Property Valuation Report** III-1

Appendix IV – **Summary of Articles of Association** IV-1

Appendix V – **Statutory and General Information** V-1

Appendix VI – **Documents Delivered to the Registrar of Companies and Available for Inspection** VI-1

This summary aims to give you an overview of the information contained in this prospectus. 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 invest in the Offer Shares. ***In particular, we are a biopharmaceutical company seeking to list on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules as 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. In addition, we have incurred significant operating losses since our inception, and we expect to remain loss making in the near term. We had negative net cash flow from operating activities during the Track Record Period. We did not declare or pay any dividends during the Track Record Period and do not intend to pay any dividends in the near future. Your investment decision should be made in light of these considerations.*

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

BUSINESS OVERVIEW

We are a clinical-stage biopharmaceutical company dedicated to developing and commercializing innovative oncology drugs and therapies. Our mission is to build a leading brand name of oncology treatments trusted by patients and their families as well as medical professionals in China. We have a comprehensive portfolio of oncology drug candidates, which include monoclonal antibodies (mAbs), antibody drug conjugates (ADCs), oncolytic virus products and specialty oncology drugs such as liposome drugs, targeting various types of cancers. Since our inception in 2009, we have built and established a fully integrated in-house platform of discovery, process development, quality management, pre-clinical and clinical development, as well as commercial-scale manufacturing facilities and proven sales and marketing capabilities, which provides flexibility and scalability for our business to expand along the innovative drug industry value chain.

Our comprehensive product pipeline consists of seven biological and five chemical drug candidates, 11 of which are in-house developed. Our strategy is to develop innovative drugs that have high viability for commercialization and clear market demand. We focus on achieving a diverse product mix with a sustainable launch schedule, targeting to start from 2020. We also intend to leverage our commercial-scale manufacturing and proven sales and marketing capabilities to shorten the time-to-market and time-to-peak sales of our products when approved. As of the Latest Practicable Date, we had four biological drug candidates in the clinical stage. Our most advanced biological drug candidate and Core Product, TAB008, is undergoing Phase III clinical trials. TAB008 is a bevacizumab biosimilar. Bevacizumab has been approved for the treatment of non-squamous non-small-cell lung cancer (nsNSCLC) and metastatic colorectal cancer (mCRC) in China. We currently expect to launch TAB008 between late 2020 and early 2021. We have three other clinical-stage biological drug candidates undergoing Phase I clinical trials (namely TAD011 and TAB014, both mAb drugs, and TAA013, an ADC drug) and three biological drug candidates undergoing pre-clinical development (namely TAY018, TEP118 and TVP211). Among our chemical drug candidates, we submitted the ANDA for one small molecular chemical drug (namely TOZ309), which was accepted by the NMPA in July 2019. We had two small molecular chemical drugs (namely TOM312 and TIC318) undergoing CMC or BE study and two liposome chemical drugs (namely TID214 and TIO217) in the pre-clinical stage as of the Latest Practicable Date. We target to commercialize these pipeline products in China once approved and plan to establish our presence in overseas markets in the long term.

We develop our pipeline on our three integrated technology platforms. The Therapeutic Monoclonal Antibody and ADC Technology Platform facilitates our development of a series of antibody drugs and ADCs by integrating our research and development team capability and manufacturing competence. Our Gene Engineering Based Therapeutics Technology Platform integrates anti-tumor immunotherapy, gene therapy and viral therapy and functions as a research and development and manufacturing platform for the tumor-targeted recombinant oncolytic virus vector system. The Innovative Drug Delivery Technology Platform consists of an advanced targeted liposome drug delivery system possessing the key encapsulation technologies of both hydrophobic and hydrophilic compounds, capable of preventing decomposition of the entrapped combinations and releasing the entrapped compounds at designated targets. Taking advantage of these technology platforms, we have developed a robust product pipeline and will continue to further the clinical and pre-clinical development of our drug candidates. See "Business — Research and Development" for the patents yielded from our research and development activities. As of the Latest Practicable Date, we had one granted patent and five pending patent applications in relation to our Core Product.

Equipped with our full industry value chain capabilities, including research and development, clinical trials, manufacturing and commercialization, we adopt an open platform business model under which we collaborate with third party business partners at different stages of the industry value chain. Our full industry value chain capabilities make our open platform attractive to an industry player whose capability in certain parts of the industry value chain is complementary to ours. As such, we have entered into various types of collaboration arrangements with different industry players, as summarized in "Business — Collaboration with Strategic Business Partners".

We have assembled a senior management team with extensive experience and profound knowledge in cancer treatment. Our senior management team represents a full spectrum of complementary skillsets, including pre-clinical research, clinical development, manufacturing, quality control and assurance and commercialization, and has broad experience in different cancer treatments including mAbs, ADCs, oncolytic virus and specialty oncology drugs. With a proven record of success and extensive expertise in oncology, our management team is key to our Company and is well-positioned to lead us to achieve future success.

OUR DRUG CANDIDATES

We have a pipeline of 12 drug candidates, which are under research and development toward the submission or approval of NDAs or ANDAs. Development progress and key milestones differ in these two regulatory pathways. The following chart summarizes the development status, as of the Latest Practicable Date, of each of the nine drug candidates for which an NDA is required to be submitted:

Category	Drug Candidate	Indication(s)	Registration Category[1]	Pre-Clinical	Clinical Trials			NDA[2]	Commercial Rights
					Phase I	Phase II	Phase III		
Monoclonal antibody/ recombinant protein	**TAB008**[3] (anti-VEGF mAb)	nsNSCLC[4]	Category 2 biosimilar						Worldwide
	TAD011 (anti-EGFR mAb)	Nasopharyngeal cancer, esophageal cancer, pancreatic cancer	Category 2 new drug						Worldwide
	TAB014[5] (anti-VEGF mAb)	Wet age-related macular degeneration (wAMD)	Category 1 new drug						Worldwide[6]
	TAY018 (anti-CD47 mAb)	Non-Hodgkin's lymphoma, myelodysplastic syndrome, acute myelogenous leukemia, solid tumors	Category 1 new drug						Worldwide
	TEP118[7] (modified version of hyaluronidase)	Biliary cancer, gallbladder tumors, metastatic cancer, NSCLC, gastric cancer	Category 1 new drug						Worldwide
ADC drug	**TAA013** (anti-HER2 ADC)	HER2+ breast cancer	Category 1 new drug						Worldwide
Oncolytic virus drug	**TVP211** (genetically modified vaccinia virus)	Solid tumors	Category 1 new drug						Worldwide
Liposome chemical drug	**TID214** (liposomal docetaxel)	Solid tumors	Category 2 new drug						Worldwide
	TIO217 (liposomal oxaliplatin)	Gastrointestinal tumors	Category 2 new drug						Worldwide

(1) See "Regulatory Overview — Relevant Laws and Regulations of the PRC — Examination and Approval of New Drug" for details of each category.

(2) NDA is applicable to the application of new drugs and Category 5.1 imported drugs.

(3) Core Product.

(4) TAB008 is a bevacizumab biosimilar. Bevacizumab has been approved for the treatment of nsNSCLC and mCRC in China. Additional indications of bevacizumab approved in the United States or the EU include glioblastoma, renal cell carcinoma, cervical cancer, ovarian cancer and breast cancer.

(5) TAB014 is an ophthalmic formulation of bevacizumab.

(6) We licensed out the right of commercialization in China, Hong Kong and Macau.

(7) Recombinant protein.

The other three of our drug candidates are small molecular chemical drugs, for which an ANDA is required to be submitted following completion of CMC or BE study. We expect to start commercialization of these three drug candidates in the near future, starting in the second half of 2020. The following chart summarizes the development status of each of them as of the Latest Practicable Date:

Category	Candidate	Indication(s)	Registration Category[1]	CMC	BE Study	ANDA[2]
Small molecular chemical drug	**TOZ309** (temozolomide)	Malignant glioma	Category 4 generic drug			
	TOM312 (megestrol acetate)	Cancer- and HIV-associated cachexia	Category 5.2 imported drug			
	TIC318 (carboplatin)	Epithelial-derived ovarian cancer, small-cell lung cancer, head and neck squamous cell carcinoma, testicular tumors, malignant lymphoma, cervical cancer, bladder cancer, and NSCLC	Category 4 generic drug			

Notes:

(1) See "Regulatory Overview — Relevant Laws and Regulations of the PRC — Examination and Approval of New Drug" for details of each category.

(2) ANDA is applicable to the application of generic drugs or Category 5.2 imported drugs.

Clinical-Stage Biological Drug Candidates

TAB008, our most advanced biological drug candidate and our Core Product, is currently undergoing Phase III clinical trials in China, and we expect to launch this product between the end of 2020 and early 2021, subject to regulatory approval. It is an anti-VEGF mAb and biosimilar drug candidate to bevacizumab, which is sold under the trade name of Avastin. Avastin has been the most widely used anti-VEGF mAb drug with abundant real-world evidence of its efficacy and safety since its entry into the market in 2004. According to Frost & Sullivan, the global bevacizumab market reached US$7.0 billion in 2018. The bevacizumab market in China reached RMB3.2 billion in 2018 and is estimated to grow to RMB13.1 billion in 2023, representing a CAGR of 32.7%; the bevacizumab biosimilar market in China is expected to reach RMB0.02 billion in 2019 and is estimated to grow to RMB6.4 billion in 2023, representing a CAGR of 343.9% from 2019 to 2023, according to Frost & Sullivan.

As of the Latest Practicable Date, the NMPA had only approved two indications for bevacizumab, namely, first-line treatment for mCRC and nsNSCLC. However, the FDA has approved six while the EMA has approved seven indications, including in combination with erlotinib in EGFR mutant NSCLC, and we believe this last indication has the utmost significance in Asian populations. Therefore, we believe the overall potential for bevacizumab in China is huge as we expect the NMPA to approve new indications in the future similar to the FDA and the EMA. If Avastin obtains any approval from the NMPA for new indications, we may be able to expand the indication of TAB008 without separate clinical trials.

In Phase I clinical trials, TAB008 and Avastin demonstrated bioequivalent pharmacokinetic profiles and comparable safety profiles and immunogenicity. The biosimilar approval pathway is established based on the scientific objective of proving that there are no clinically meaningful differences in the safety and efficacy of biosimilars when compared to the reference drug, whereas the scientific objective for the novel and innovative drug approval pathway is a full exploration of whether a medical strategy or treatment is safe and effective in humans. Based on this principle, there is generally no requirement to conduct a Phase II clinical trial for biosimilars since the proper dose assuring safety and efficacy has already been determined for the reference product. Once the sponsor of the biosimilar receives IND approval for a particular indication, the sponsor of the biosimilar may, at its own discretion, choose to commence later trials. We expect to complete the Phase III clinical trials of TAB008 around the year end of 2019 and submit an NDA for TAB008 in March or April of 2020. We plan to commercialize TAB008 leveraging our proven sales and marketing capabilities and our commercial-scale manufacturing facilities. See "Business — Our Drug Candidates — Our Core Product — Commercialization Plans" for details. As there is abundant evidence of the efficacy of Avastin used in combination with other therapies, we plan to capitalize on these market opportunities in the commercialization of TAB008 via combining immuno-oncology treatments.

In light of the significant growth potential of the bevacizumab market in China, 13 bevacizumab biosimilar drug candidates have completed or reached Phase III clinical trial. Our TAB008 was the first bevacizumab biosimilar to register on the CDE's website for Phase III clinical trials among the 11 Phase III candidates, second in progress only to the two candidates for which NDAs have been submitted. Moreover, leveraging our commercial-scale manufacturing and proven sales and marketing capabilities, we believe we are able to shorten the time-to-market and time-to-peak sales of our TAB008 when approved. We plan to compete with other bevacizumab developers primarily based on our focus on product quality, manufacturing cost efficiency and reliability of supply, given our projected capability to manufacture TAB008 on a large scale and in accordance with GMP quality standards, while maintaining sound cost control measures (including through adopting and developing cost-effective technologies such as single-use technologies, cell culture media, and our proprietary perfusion-batch hybrid technology). In particular, we use 2,000L bioreactors to manufacture TAB008, demonstrating our readiness for cost-efficient commercial production. We believe our TAB008 is well positioned to tap into the bevacizumab biosimilar market as one of the first movers.

In addition to TAB008, we have three biological drug candidates undergoing Phase I clinical trials, including:

TAA013, an ADC candidate containing trastuzumab and emtansine (Trastuzumab-MCC-DM1) aiming to become an affordable alternative of Kadcyla, is currently undergoing Phase I clinical trials in China. We currently expect to complete its Phase III clinical trials by the end of 2022 and to launch this product in 2023, subject to regulatory approval. In the United States, Kadcyla is considered the standard second-line treatment for metastatic HER2+ breast cancer patients who received trastuzumab, pertuzumab and taxane in the first-line treatment, according to Frost & Sullivan. However, Kadcyla is substantially more expensive than alternative drugs and therapies. According to Frost & Sullivan, Kadcyla had worldwide sales of US$1.0 billion in 2018. No ADC product is currently available in China, while China's market for ADC products that target HER2+ breast cancer is expected to reach RMB1.5 billion in 2024, according to Frost & Sullivan.

Unlike chemotherapy, ADCs are intended to target and kill only the cancer cells. The antibody embodied in an ADC can specifically target tumor cells and deliver the cytotoxic drug linked to such

antibody into tumor cells. Due to this mechanism, ADCs have higher potency and much less off-target toxicity compared to chemotherapy, according to Frost & Sullivan. We believe we are one of the few biotech companies in China possessing manufacturing capabilities for ADC drugs. In addition, we are in the process of constructing a GMP-compliant workshop specialized in commercial-scale ADC production and built to international standards. As such, we believe we are well positioned to capture the huge market opportunities leveraging our strength in manufacturing.

TAD011 is an anti-EGFR mAb drug candidate with the same primary sequence as nimotuzumab. TAD011 possesses advantages over nimotuzumab because it is expressed in CHO cells, which are more adaptable to human bodies than drugs expressed in NS0 cells, and its antibody-dependent cell-mediated cytotoxicity (ADCC) activity is substantially higher. Compared to other anti-EGFR mAb drugs, TAD011 has lower off-target toxicity due to its lower affinity for EGFR and hence reduced effect on normal epithelial cells. We believe it is also more affordable and suitable for various combination therapies.

TAD011 is currently undergoing Phase I clinical trials in China, and we expect to complete its Phase III clinical trials by 2023 and to launch this product in 2024, subject to regulatory approval. Compared to small molecular inhibitors of EGFR, nimotuzumab has a broader range of indications, including nasopharyngeal cancer, esophageal cancer and pancreatic cancer. According to Frost & Sullivan, the incidence of EGFR-positive advanced nasopharyngeal cancer reached 37,700 in 2018 and is expected to grow to 42,500 by 2023 at a CAGR of 2.5%. The incidence of EGFR-positive advanced esophageal cancer in China reached 143,000 in 2018 and is expected to grow to 167,000 by 2023 at a CAGR of 3.1%. China's market of nimotuzumab for treatment of nasopharyngeal cancer and esophageal cancer reached RMB489.1 million in 2018 and is expected to reach RMB2,504.8 million in 2024, according to Frost & Sullivan. In addition, the incidence of metastatic pancreatic cancer in China reached 83,900 in 2018 and is expected to grow to 98,600 by 2023 at a CAGR of 3.3%, according to Frost & Sullivan.

TAB014 is the first bevacizumab based antibody having enrolled patients in Phase I clinical trial for the treatment of retinal neovascularization, such as wet age-related macular degeneration (wAMD), in China. Therefore, we expect it to be first-in-class in China. It may also be used for the treatment of diabetic macular edema (DME), retinal vein occlusion (RVO) and choroidal neovascularization (CNV). We licensed out the right of commercialization in China, Hong Kong and Macau as it is a non-oncology drug. See "Business — Collaboration with Strategic Business Partners" for details. We expect the Phase III clinical trials of TAB014 to be completed by 2022, followed by product launch in 2023, subject to regulatory approval. TAB014 is developed based on bevacizumab with an ophthalmic formulation. Although it is not an oncology drug, we decided to develop it as an extension of our development of TAB008 to target the huge unmet ophthalmic market demand. We intend to produce TAB014 in a cost-efficient manner by utilizing our existing commercial-scale manufacturing capabilities for TAB008 and to position TAB014 as a much more affordable anti-VEGF therapeutic option compared to Lucentis, Langmu and Eylea for the said eye diseases. China's market for anti-VEGF mAbs as a treatment for wAMD reached RMB2.0 billion in 2018 and is expected to reach RMB6.0 billion in 2023, according to Frost & Sullivan. We also intend to tap into potential overseas markets for TAB014 by seeking co-development and/or out-license opportunities.

Other Drug Candidates

TOZ309

We are developing TOZ309, a generic drug candidate of Temodal (temozolomide capsule). Temozolomide is an alkylating agent that can kill cancer cells by damaging their DNA. With improved

efficacy and fewer side effects compared to conventional chemotherapy drugs, temozolomide capsules are today used as a first-line medication for both newly diagnosed and recurrent glioma. China's market for temozolomide capsules reached RMB1.8 billion in 2018 and is expected to grow to RMB2.5 billion by 2023 at a CAGR of 6.2%, according to Frost & Sullivan. We submitted the ANDA for TOZ309, which was accepted by the NMPA in July 2019.

TOM312

We are developing TOM312, a generic drug candidate of Megace (megestrol acetate oral suspension) for the treatment of cancer- and HIV-associated cachexia. Megestrol acetate is a progestin medication commonly used to treat cachexia. Megestrol acetate is easier to absorb and has better tolerance in oral suspension than in solid dosage forms, but currently it is only available in solid dosage forms in China. China's megestrol acetate oral suspension market is expected to grow to RMB297.8 million in 2022 and RMB1,384.5 million in 2030, according to Frost & Sullivan. We expect to submit an ANDA in 2021, subject to regulatory approval.

Others

Other drug candidates in our pipeline include:

- TEP118, which we intend to develop as a modified hyaluronidase with long half life and can be used in combination with a wide range of other oncology drugs to treat biliary cancer, gallbladder tumors, metastatic pancreatic cancer, NSCLC and stomach tumors.

- TAY018, which we intend to develop as an anti-CD47 mAb for the treatment of non-Hodgkin's lymphoma, myelodysplastic syndrome, acute myelogenous leukemia and solid tumors.

- TVP211, which we intend to develop as an oncolytic virus drug based on genetically modified vaccinia virus for the treatment of multiple types of solid tumors, including liver cancer, lung cancer, ovarian cancer and brain glioma.

- TID214, which we intend to develop as liposomal docetaxel for the treatment of solid tumors.

- TIO217, which we intend to develop as liposomal oxaliplatin for the treatment of gastrointestinal tumors.

- TIC318, which we intend to develop as carboplatin for the treatment of epithelial-derived ovarian cancer, small-cell lung cancer, head and neck squamous cell carcinoma, testicular tumors, malignant lymphoma, cervical cancer, bladder cancer and NSCLC.

OUR STRENGTHS

- Robust product pipeline with sustainable launch schedule, covering a wide variety of cancer types and extended applications;

- well-established and advanced technology platforms focusing on oncology drugs;

- cost-efficient commercial-scale and state-of-the-art manufacturing facilities, built to and operating at international standards;
- proven open platform business model empowered by strong and integrated capabilities covering the full oncology drug industry value chain; and
- industry-leading, experienced and professional management team supported by a strong talent base.

OUR STRATEGIES

- Commercialize TAB008;
- rapidly advance our clinical trials for drug candidates;
- further enrich product portfolio via self-development and collaboration focusing on immune-oncology combination therapies and seeking innovative cancer treatment solutions;
- strengthen our in-house sales and marketing force and commercial-scale manufacturing capacities; and
- continue to attract, train and retain quality talent to support our rapid growth and maximize the value of our integrated platform.

RESEARCH AND DEVELOPMENT

We have established three advanced technology platforms, namely the Therapeutic Monoclonal Antibody and ADC Technology Platform, the Gene Engineering Based Therapeutics Technology Platform and the Innovative Drug Delivery Technology System, to develop different types of oncology drugs. We have a research and development center in Suzhou, as well as a dedicated research team in Zhangjiang Hi-Tech Park, Shanghai focusing on early discovery and enhancing our capability to collaborate with other innovational oncology drug companies.

As of the Latest Practicable Date, we had a research and development team consisting of 187 members. 88.2% of our research and development team members had educational backgrounds in related areas such as biological chemistry, biomedical engineering, healthcare and medicine, 90.4% had graduate or higher educational backgrounds, and 3.2% had Ph.D. degrees, each as of the Latest Practicable Date.

We pride ourselves in our self-developed know-how for manufacturing processes. We have developed our perfusion-batch hybrid technology, a new cell amplification technology that combines batch and perfusion culture for cell amplification in commercial production. We also possess proprietary know-how that can ensure the glycoform of most biologic drugs we develop is consistent with the originator or reference drug.

OUR SUPPLIERS AND SERVICE PROVIDERS

Our suppliers primarily include suppliers of raw materials, CROs, suppliers of machinery and equipment, suppliers of reference drugs, and construction service providers. The raw materials used in the production process for our drug candidates primarily include reagents, cell culture media, chromatography resins, excipients, packaging materials and consumables, such as disposable bioreactors and buffer preparation bags. We procure raw materials based on our estimation of the production needs for our research and development activities. We obtain raw materials for our manufacturing activities from multiple reputable suppliers who we believe have sufficient capacity to meet our demands. We have also established internal procedure and policies to examine the quality of the products of the suppliers before entering into any contract with them. We typically order raw materials on a purchase order basis and do not enter into long-term dedicated capacity or minimum supply arrangements.

In line with industry practice and to supplement our in-house capabilities, we engaged certain CROs to conduct pre-clinical and clinical research during the Track Record Period. We select CROs based on various factors, including their quality, reputation and research experience. We generally enter into master contract services agreements with the CROs we engage, which include a statement of work specifying the terms of services provided by the CROs, and pay these CROs fixed project-based fees. Under such agreements, all intellectual property rights arising from the performance of the services, including clinical trial data, will be owned by us. We also require our CROs to conduct clinical trials in accordance with international GCP standards. Typically, we require the CRO personnel handling our clinical trials to hold GCP certification or have GCP training experience.

CENTERLAB AND MR. LIN, JUNG-CHIN

As of the Latest Practicable Date, Centerlab, together with BioEngine, a Centerlab Entity, was the legal and beneficial owner of 37.18% of the issued shares of the Company. Centerlab will continue to be the Controlling Shareholder of the Company upon Listing. Centerlab's shares are publicly listed on the Taipei Exchange, an over-the-counter market in Taiwan, under the stock code 4123. Immediately following the completion of the Global Offering, assuming the Over-Allotment Option is not exercised and taking into account the Offer Shares to be subscribed for by Centerlab as a Cornerstone Investor as calculated based on the Offer Price of HK$7.05 per Share (being the mid-point of the indicative Offer Price range), Centerlab, together with BioEngine, is expected to remain a Controlling Shareholder of the Company after the Listing, when its shareholding in the Company will be diluted to 32.28%.

Centerlab's principal business is the manufacturing and sales of oral pharmaceuticals, and it is an oral solution pharmaceutical company in Taiwan. In 2018, Centerlab had revenues of NT$21,648.2 million (approximately HK$5,554.9 million) and net profits of NT$7,887.5 million (approximately HK$2,023.9 million). Centerlab primarily manufactures and sells generic drugs. It also has an innovative drugs division, which is limited to the development of new drugs that act in the central nervous system and anti-diabetic drugs. Centerlab does not develop, manufacture or sell innovative anti-tumor drugs. In view of the above, our Directors are of the view that there is no or minimal competition between our Group and Centerlab.

Mr. Lin, Jung-Chin (林榮錦先生), the former chairman and a former director of the Company, was charged by the Taiwan Taipei Prosecutor's Office with two counts of irregular transactions (不合營業常規交易罪) in contravention of section 171(1)(ii) of the Securities and Exchange Act and two counts of breach of fiduciary duties (背信罪) in contravention of section 171(1)(iii) of the Securities and Exchange

Act (《證券交易法》) of Taiwan (together, the "**Charges**"). The Charges are related to Mr. Lin's actions during his tenure as the chairman of TTY Biopharm, a former shareholder of the Company, between June 2008 and June 2014. On September 1, 2017, at first instance, the Taiwan Taipei District Court found Mr. Lin guilty of the Charges and he was sentenced to 10 years' imprisonment. As of the Latest Practicable Date, Mr. Lin had lodged an appeal to the Taiwan High Court and such appeal was ongoing. In addition, there is an ongoing legal proceeding between Centerlab and TTY Biopharm relating to the validity of certain outsourcing arrangements between them entered into in August 2010 whereby Centerlab would pay TTY Biopharm up to NT$20 million in a number of stage payments (the "**Ongoing Civil Proceedings**"). On March 1, 2018, at first instance, the Taiwan Taipei District Court found in favor of Centerlab. As of the Latest Practicable Date, TTY Biopharm had lodged an appeal. None of the Charges or Ongoing Civil Proceedings involves matters relating to our Group or any of the Directors. See "Relationship with Centerlab — Centerlab and Mr. Lin, Jung-Chin — The Charges and Ongoing Civil Proceedings" for details.

OUR SHAREHOLDERS, CLASS A PREFERRED SHAREHOLDERS AND CLASS B PREFERRED SHAREHOLDERS

Mainly to fund our research and development working capital needs and introduce institutional investors that have industry expertise, our Company underwent various rounds of equity financing prior to the Track Record Period and issued the Convertible Bonds and the Class B Preferred Shares during the Track Record Period. Our Shareholders, Class A Preferred Shareholders and Class B Preferred Shareholders include certain sophisticated investors. See "History and Development — Major Changes to our Company's Issued Share Capital Since Its Establishment — Information about our Shareholders, Class A Preferred Shareholders and Class B Preferred Shareholders" for information relating to our investors.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

You should read the following summary historical financial information in conjunction with our consolidated financial statements as included in Appendix I — "Accountant's Report" to this prospectus, which were prepared in accordance with HKFRS, together with the accompanying notes. The summary historical financial statements as of and for the years ended December 31, 2017 and 2018 and the four months ended April 30, 2019 are derived from our audited consolidated financial statements, including the notes thereto, set forth in Appendix I — "Accountant's Report" to this prospectus. The unaudited consolidated statements of comprehensive loss for the four months ended April 30, 2018 are derived from our unaudited consolidated financial statements set forth in the Accountant's Report in Appendix I to this prospectus.

Consolidated Statements of Profit or Loss

	Year ended December 31,		Four months ended April 30,	
	2017	**2018**	**2018**	**2019**
	(in thousands of RMB)			
			(unaudited)	
Revenue	51,608	39,219	9,218	18,163
Cost of revenue	(4,242)	(5,980)	(180)	(4,911)
Research and development expenses	(105,935)	(188,651)	(34,100)	(48,295)
Selling expenses	(28,886)	(38,935)	(11,358)	(11,105)
General and administrative expenses	(24,514)	(54,638)	(11,263)	(28,080)
Other gains/(losses) – net	6,000	11,808	987	(3,134)
Operating loss	(105,969)	(237,177)	(46,696)	(77,362)
Finance income	470	727	192	1,344
Finance costs	(277)	(2,404)	(583)	(267)
Finance income/(costs) – net	193	(1,677)	(391)	1,077
Fair value change in financial instruments issued to investors	(42,911)	(29,409)	(23,203)	(26,066)
Loss before income tax	(148,687)	(268,263)	(70,290)	(102,351)
Income tax expense	—	—	—	—
Loss for the year/period and attributable to the equity holders of the Company	(148,687)	(268,263)	(70,290)	(102,351)

Consolidated Balance Sheets

	As of December 31,		As of 30 April,
	2017	**2018**	**2019**
	(in thousands of RMB)		
Non-current assets			
Property, plant and equipment	201,888	294,420	298,580
Prepayments for property, plant and equipment	22,327	7,042	4,497
Right-of-use assets	16,661	29,324	30,233
Intangible assets	730	1,901	1,928
Financial assets at fair value through other comprehensive income	6,455	6,810	6,490
Other non-current assets	28,022	38,054	46,357
Total non-current assets	276,083	377,551	388,085

	As of December 31,		As of 30 April,
	2017	2018	2019
	(in thousands of RMB)		
Current assets			
Inventories	980	3,105	1,154
Trade receivables and other receivables	6,500	9,694	12,205
Prepayments	5,872	10,745	17,343
Contract assets	2,206	2,060	4,675
Financial assets at fair value through profit or loss	47,835	17,332	27,344
Cash and cash equivalents	24,581	256,751	139,406
Total current assets	87,974	299,687	202,127
Total assets	364,057	677,238	590,212
Share capital	537,859	537,859	537,859
Other reserves	24,980	31,449	50,613
Accumulated losses	(485,523)	(753,786)	(856,137)
Capital and reserves attributable to the equity holders of the Company	77,316	(184,478)	(267,665)
Total equity/(deficit)	77,316	(184,478)	(267,665)
Non-current liabilities			
Financial instruments issued to investors	236,776	773,767	783,885
Borrowings	27,000	—	—
Lease liabilities	1,178	12,810	13,851
Total non-current liabilities	264,954	786,577	797,736
Current liabilities			
Borrowings	3,000	500	—
Accruals and other payables	17,747	69,300	57,126
Contract liabilities	207	3,022	528
Lease liabilities	833	2,317	2,487
Total current liabilities	21,787	75,139	60,141
Total liabilities	286,741	861,716	857,877
Total equity and liabilities	364,057	677,238	590,212
Net current assets	66,187	224,548	141,986
Total assets less current liabilities	342,270	602,099	530,071

Our accumulated losses increased by 55.3% from RMB485.5 million as of December 31, 2017 to RMB753.8 million as of December 31, 2018, which further increased by 13.6% to RMB856.1 million as of April 30, 2019, primarily attributable to increases in our research and development expenses in relation to the clinical trials and pre-clinical development of our drug candidates. Primarily as a result of the increased accumulated losses, the Company's consolidated net assets recorded net deficit of RMB184.5 million and RMB267.7 million as of December 31, 2018 and April 30, 2019, respectively, as compared to the total equity of RMB77.3 million as of December 31, 2017.

Additionally, we raised US$45.0 million from our investors through issuance of convertible bonds in 2017 and 2018, all of which were converted to convertible preferred shares in 2018, and US$57.0

million through issuance of Class B Preferred Shares in 2018. The convertible bonds and convertible preferred shares were recorded on a fair value basis. In 2017, 2018 and the four months ended April 30, 2019, we recognized losses of RMB42.9 million, RMB29.4 million and RMB26.1 million, respectively, relating to these financial instruments issued to investors. As of April 30, 2019, the Company's consolidated net asset recorded net deficit of RMB267.7 million, mainly due to convertible preferred shares issued to investors with carrying amount of RMB783.9 million under non-current liabilities. Our convertible preferred shares will be automatically converted to Shares upon the closing of the Global Offering, and as a result, net deficit is expected to turn into net asset upon the conversion. See "Risk Factors — Risks Relating to Our Financial Position and Need for Additional Capital — Fair value changes in our financial instruments issued to investors and related valuation uncertainty may materially affect our financial condition and results of operations" and Note 2.1 to the Accountant's Report set forth in Appendix I to this prospectus.

Summary Consolidated Statements of Cash Flow

	Year ended December 31,		Four months ended April 30,	
	2017	**2018**	**2018**	**2019**
		(in thousands of RMB)		
			(unaudited)	
Operating cash flows before movements in working capital	(92,869)	(196,467)	(34,291)	(64,109)
Net cash used in operating activities	(117,388)	(176,832)	(45,885)	(82,675)
Net cash (used in)/generated from investing activities	(110,957)	(47,067)	1,765	(30,440)
Net cash generated from/(used in) financing activities	235,179	457,601	116,993	(2,799)
Net increase/(decrease) in cash and cash equivalents	6,834	233,702	72,873	(115,914)

As of December 31, 2017 and 2018 and April 30, 2019, we had cash and cash equivalents of RMB24.6 million, RMB256.8 million and RMB139.4 million, respectively. We had negative cash flows from our operations during the Track Record Period, which amounted to RMB117.4 million, RMB176.8 million and RMB82.7 million in 2017, 2018 and the four months ended April 30, 2019, respectively. A majority of our operating cash outflows resulted from our research and development expenses. We expect our operating cash flows will continue to be affected by our research and development expenses.

We fund our operations primarily through equity and convertible financial instruments financing, as well as bank loans. During the Track Record Period, we raised US$102.0 million through issuance of convertible bonds, all of which were converted into Class A Preferred Shares, and Class B Preferred Shares. See "History and Development" for details. We had bank borrowings of RMB30.0 million, RMB0.5 million, nil and RMB60.0 million as of December 31, 2017 and 2018, April 30, 2019 and August

31, 2019, respectively, and incurred interest expenses on bank borrowings of RMB0.1 million, RMB2.1 million, RMB0.6 million and RMB7,000 in 2017, 2018 and the four months ended April 30, 2018 and 2019, respectively. We also funded part of our working capital through our commission revenue from marketing S-1, providing CDMO and CMO services and the out-licensing of TAB014.

Key Financial Ratios

	As of December 31,		As of April 30,
	2017	2018	2019
Current Ratio[(1)]	4.0	4.0	3.4
Quick Ratio[(2)]	4.0	3.9	3.3
Gearing Ratio[(3)]	7.0%	N/A[(4)]	N/A[(4)]

Notes:

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

(2) Quick ratio is calculated using current assets less inventories and divided by current liabilities as of the same date.

(3) Gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents divided by total equity and multiplied by 100%.

(4) Gearing ratio is not meaningful for our Company due to our net cash position as of December 31, 2018 and April 30, 2019.

No Material Adverse Change

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since April 30, 2019 (being the date on which the latest audited consolidated financial information of our Group was prepared) and there is no event since April 30, 2019 which would materially affect the information shown in our consolidated financial statements included in Appendix I "Accountant's Report" to this prospectus.

OFFERING STATISTICS

Offer size	:	Initially 15.79% of the enlarged issued share capital of our Company (subject to the Over-Allotment Option)
Offering structure	:	Initially 10% for the Hong Kong Public Offering (subject to reallocation) and 90% for the International Offering (subject to reallocation and the Over-Allotment Option)
Over-Allotment Option	:	Up to 15% of the number of Offer Shares initially available under the Global Offering
Offer Price per Share	:	HK$6.55 to HK$7.55 per Offer Share

	Based on an Offer Price of HK$6.55 per Offer Share[(1)]	Based on an Offer Price of HK$7.55 per Offer Share[(1)]
Our Company's market capitalization upon completion of the Global Offering[(2)]	HK$3,733.5 million	HK$4,303.5 million
Unaudited pro forma adjusted net tangible asset per Share[(3)]	HK$1.94	HK$2.10

Notes:

(1) All statistics in the table are based on the assumption that the Over-Allotment Option is not exercised.

(2) The calculation of market capitalization is based on 570,000,000 Shares expected to be in issue immediately upon completion of the Global Offering assuming the Over-Allotment Option is not exercised.

(3) The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to "Unaudited Pro Forma Financial Information" set forth in Appendix II to this prospectus.

DIVIDENDS

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 anticipate paying any cash 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 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.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$554.4 million from the Global Offering, assuming that the Over-Allotment Option is not exercised, after deducting the underwriting commission and other estimated offering expenses payable by us in relation to the Global Offering and taking into account any additional incentive fee (assuming the full payment of the discretionary incentive fee), and assuming an Offer Price of HK$7.05 per Share, being the mid-point of the indicative offer price range set forth in this prospectus.

We intend to use these net proceeds for the following purposes:

a) Approximately 30.0%, or HK$166.3 million, will be used to fund ongoing and planned clinical trials, preparation for registration filings and the potential commercial launch (including sales and marketing) of TAB008, details of which are mainly as follows:

- HK$124.7 million (representing 22.5% of the net proceeds) will be used to fund ongoing and planned clinical trials, preparation for registration filings, planned commercial launches (including sales and marketing) of TAB008; and

- HK$41.6 million (representing 7.5% of the net proceeds) will be used to fund further research and development on (i) various combination therapies involving TAB008, including combination therapies with PD-L1-CTLA-4 bispecific antibody, combination with chemotherapy and TKI in the treatment of lung cancer, and innovative combination mechanisms involving oncolytic virus and other oncology treatment, and (ii) other oncology treatment to cover a wider variety of indications given there are additional indications of bevacizumab approved in the United States or the EU including glioblastoma, renal cell carcinoma, cervical cancer, ovarian cancer and breast cancer.

b) Approximately 50.0%, or HK$277.2 million, will be used to fund ongoing and planned pre-clinical and clinical trials, expansion of facilities, preparation for registration filings and potential commercial launches (including sales and marketing) of the other drug candidates in our pipeline, including:

- HK$110.9 million (representing 20.0% of the net proceeds) will be used to fund ongoing and planned clinical trials, expansion of facilities, registration filings and potential commercial launch of TAA013;

- HK$22.2 million (representing 4.0% of the net proceeds) will be used to fund ongoing and planned clinical trials, for registration filings and potential commercial launches of TOZ309 and TOM312;

- HK$16.6 million (representing 3.0% of the net proceeds) will be used to fund ongoing and planned clinical trials, expansion of facilities, registration filings and potential commercial launch of TAB014;

- HK$38.8 million (representing 7.0% of the net proceeds) will be used to fund ongoing and planned clinical trials and for registration filings of TAD011; and

- HK$88.7 million (representing 16.0% of the net proceeds) will be used to fund ongoing and planned pre-clinical and clinical trials, expansion of facilities and registration filings of other drug candidates.

c) Approximately 15.0%, or HK$83.2 million, will be used for non-project specific capital expenditure including mainly as follows:

- HK$38.8 million (representing 7.0% of the net proceeds) will be used on quality control, production and quality assurance facilities for biological drugs;

- HK$22.2 million (representing 4.0% of the net proceeds) will be used on construction of a new medical research center and production facilities on the premise of the Suzhou Production Center for certain drug candidates;

- HK$16.6 million (representing 3.0% of the net proceeds) will be used on upgrading the enterprise resource planning system and GMP software; and

- HK$5.6 million (representing 1.0% of the net proceeds) will be used on capital expenditure of other non-project specific facilities.

d) Approximately 2.0%, or HK$11.1 million, will be used to fund continued expansion of our product portfolio in cancer and potentially other therapeutic areas through internal research and external licenses and business development collaborations; and

e) Approximately 3.0%, or HK$16.6 million, will be used for our working capital and other general corporate purposes.

The above allocation of the proceeds will be adjusted on a pro-rata basis to the extent that the net proceeds from the Global Offering (including the net proceeds from the exercise of the Over-Allotment Option) are either more or less than expected. To the extent that the net proceeds from the Global Offering are not immediately used for the above purposes and to the extent permitted by applicable laws and regulations, we may allocate part or all of the proceeds to short-term interest-bearing deposits or money market instruments with authorized financial institutions or licensed banks. See "Future Plans and Use of Proceeds — Use of Proceeds" for further details.

RISK FACTORS

Our business and the Global Offering involve certain risks, which are set out in the section headed "Risk Factors". You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face include:

- We depend substantially on the success of our drug candidates, all of which are undergoing pre-clinical or clinical development. If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our drug candidates, or experience significant delays in doing so, our business will be materially harmed.

- The regulatory approval processes of regulatory authorities are lengthy, time-consuming and inherently unpredictable. If we are ultimately unable to obtain regulatory approval for our drug candidates, our business will be substantially harmed.

- We currently do not generate revenue from sales of any drug products developed by us and may not become profitable in the foreseeable future, or at all.

- We have incurred significant net losses and net operating cash outflows since our inception, and we anticipate that we will continue to incur net losses and net operating cash outflows until we successfully commercialize our drug candidates.

- Our success depends on the ability to retain our research and development, manufacturing, clinical trial and sales and marketing team and other key executives, and to attract, train, retain and motivate qualified and highly skilled personnel.

- We have no experience in manufacturing our drug candidates on a large commercial scale, which is a highly exacting and complex process, and have not yet begun utilizing our manufacturing facilities for commercial purposes.

- We have limited experience in marketing drugs. If we are unable to develop sufficient capabilities to market and sell our drug candidates, we may not be able to generate product sales revenue.

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

- If we are unable to obtain and maintain patent protection for our drug candidates, primarily our novel drug candidates, through intellectual property rights, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us, and our ability to successfully commercialize any product or technology may be adversely affected.

- If we are sued for infringing, misappropriating, or otherwise violating intellectual property rights of third parties or engaging in unfair competition, such litigation could be costly and time-consuming and could prevent or delay us from developing or commercializing our drug candidates.

- We face substantial competition, which may result in others discovering, developing or commercializing competing drugs before or more successfully than we do.

- If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately HK$80.1 million (including underwriting commission and other estimated offering expenses payable by us in relation to the Global Offering and taking into account any additional incentive fee (assuming the full payment of the discretionary incentive fee), assuming an Offer Price of HK$7.05 per Share, being the mid-point of the indicative Offer Price range), assuming the Over-Allotment Option is not exercised and no further Shares are issued pursuant to the Pre-IPO Share Option Scheme. Approximately HK$9.5 million and HK$16.1 million was recognized and charged to our consolidated statements of comprehensive loss for the year ended December 31, 2018 and the four months ended April 30, 2019. After April 30, 2019, approximately HK$18.2 million is expected to be charged to our consolidated statements of comprehensive loss, and approximately HK$36.3 million is expected to be accounted for as a deduction from equity upon the Listing. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

RECENT DEVELOPMENTS

In February 2019, we entered into a memorandum of understanding with NewBio Therapeutics in relation to the joint development of NewBio Therapeutics' early-stage ADC drug candidates. In February 2019, we entered into a non-binding memorandum of understanding with Jiangsu Alphamab to explore combination therapies involving TAB008 and Jiangsu Alphamab's KN046 (a PD-L1/CTLA-4 bispecific antibody), as clinical studies have recently demonstrated that the combination of bevacizumab and immune checkpoint inhibitors could significantly improve efficacy in many tumor types. In June 2019, we entered into an agreement with Shanghai Junshi to explore combination therapies involving TAB008 and toripalimab, a recombinant humanized anti-PD-1 monoclonal antibody, in the treatment of late-stage liver cancer. In July 2019, the Phase I clinical trial for TAA013 completed the fourth dose level. In addition, the Company released the data of TAA013 Phase I clinical trial in September 2019, thus becoming the first company in China to release Phase I clinical data for T-DM1 ADC drug candidates. In September 2019, our production lines for producing OEL-5 chemical injections (including liposome drugs) completed the overall performance confirmation and are ready for actual operation. In October 2019, TOT Suzhou entered into an agreement with Harbour BioMed to jointly develop fully human monoclonal antibodies.

We expect our net loss to increase for the year ended December 31, 2019 compared to the year ended December 31, 2018, primarily due to research and development expenses in relation to the clinical trials and pre-clinical development of our drug candidates.

CERTAIN WAIVERS AND EXEMPTIONS

We have applied to the Stock Exchange and the SFC, respectively, for, (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules; and (ii) a certificate of exemption under section 38A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting the Company from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. See "Waivers from Strict Compliance with the Listing Rules and Exemptions from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Waiver and Exemption in Relation to the Pre-IPO Share Option Scheme" for details.

We have applied to the SFC for a certificate of exemption from strict compliance with the requirements under paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. See "Waivers from Strict Compliance with the Listing Rules and Exemptions from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Exemption from Compliance with Financial Information Disclosure Requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance" for details.

In this prospectus, unless the context otherwise requires, the following words and expressions shall have the following meanings. Certain technical terms are explained in the section headed "Glossary of Technical Terms" in this prospectus.

"Advantech Capital V"	Advantech Capital Investment V Limited, a company incorporated in the Cayman Islands with limited liability on June 19, 2018, which is our Shareholder
"Accountant's Report"	the accountant's report on historical financial information included as "Appendix I — Accountant's Report" to this prospectus, which sets forth the audited consolidated financial statements of our Group for the years ended December 31, 2017 and 2018 and the four months ended April 30, 2019
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s) or, where the context so requires, any of them
"Articles of Association" or "Articles"	the articles of association of the Company which were adopted on September 30, 2019 and became effective on October 28, 2019, a summary of which is set out in Appendix IV to this prospectus
"BioEngine"	BioEngine Technology Development Inc. (玉晟管理顧問股份有限公司), a company incorporated in Taiwan with limited liability on September 27, 2007, which is an associate of Centerlab and hence a connected person of our Company, and is one of our Controlling Shareholders
"Board" or "Board of Directors"	the board of Directors of our Company
"Business Day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
"CAGR"	compound annual growth rate
"Capitalization Issue"	the issue of 342,557,624 Shares without payment and as fully-paid Shares by our Company to existing Shareholders on a pro rata basis prior to completion of the Global Offering, details of which are set out in "History and Development — Capitalization Issue"

"Cathay Venture"	Cathay Venture Inc. (國泰創業投資股份有限公司), a company incorporated in Taiwan with limited liability on April 10, 2003, which is our Shareholder and is a wholly-owned subsidiary of Cathay Financial Holding Co., Ltd. (國泰金融控股股份有限公司) whose shares are listed on the TWSE (stock code: 2882)
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CDE"	Center for Drug Evaluation (藥品評價中心), NMPA
"CDIB"	CDIB Capital Healthcare Ventures Limited (中華開發生醫創業投資股份有限公司), a company incorporated in Taiwan with limited liability on September 30, 2014, which is our Shareholder
"Centerlab"	Center Laboratories Inc. (晟德大藥廠股份有限公司), a company incorporated in Taiwan with limited liability on November 4, 1959 whose shares are listed on the Taipei Exchange (stock code: 4123), which is currently and will after the Listing continue to be one of our Controlling Shareholders, and is a Cornerstone Investor
"Centerlab Entities" or "Centerlab Group"	Centerlab and its subsidiaries and associates, but excluding our Group
"Class A Preferred Share(s)"	Class A preferred share(s) of our Company with such rights as set out in "History and Development — Principal Terms of the Class A Preferred Shares and Class B Preferred Shares"
"Class A Preferred Shareholder(s)"	holder(s) of the Class A Preferred Share(s)

"Class B Preferred Share(s)"	Class B preferred share(s) of our Company with such rights as set out in "History and Development — Principal Terms of the Class A Preferred Shares and Class B Preferred Shares"
"Class B Preferred Shareholder(s)"	holder(s) of the Class B Preferred Share(s)
"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
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, collectively refers to Centerlab and BioEngine
"Convertible Bonds"	the convertible bonds issued by our Company in three tranches in January 2017, March 2017 and January 2018, with a total principal value of US$45 million, coupon rate of 8.0% per annum and convertible into Class A Preferred Shares at the prescribed time
"Core Product"	TAB008 (bevacizumab biosimilar), the designated "core product" as defined under Chapter 18A of the Listing Rules
"Cornerstone Investor(s)"	cornerstone investor(s) of our Company whose investments constitute part of the International Offering, details of which are set out in "Cornerstone Investors"
"Director(s)"	director(s) of our Company
"Dongyang Jiangsu"	Jiang Su Tung Yang Biopharm Tech Co., Ltd. (江蘇東揚醫藥科技有限公司), a company incorporated in the PRC with limited liability on February 11, 2009, which is our wholly-owned subsidiary
"EIT Law"	Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得税法), as amended, supplemented or otherwise modified from time to time
"EMA"	European Medicines Agency
"EU"	European Union

"FDA"	Food and Drug Administration of the United States
"Formosa Lab"	Formosa Laboratories, Inc. (台耀化學股份有限公司), a company incorporated in Taiwan with limited liability on December 29, 1995 whose shares are listed on the TWSE (stock code: 4746), which is an Independent Third Party
"Frost & Sullivan"	Frost & Sullivan International Limited, an independent global market research and consulting company
"Frost & Sullivan Report"	an industry report prepared by Frost & Sullivan, which was commissioned by the Company
"Global Offering"	the Hong Kong Public Offering and the International Offering
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **HK eIPO White Form** service provider
"Group", "our Group", "we" or "us"	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require) and except where the context indicates otherwise, includes their respective predecessor (if any)
"Harbour BioMed"	Harbour BioMed (Suzhou) Co., Ltd. (和鉑醫藥(蘇州)有限公司), a company incorporated in the PRC with limited liability on September 11, 2018, which is an Independent Third Party
"**HK eIPO White Form**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **HK eIPO White Form** at **www.hkeipo.hk**
"HKFRS"	the Hong Kong Financial Reporting Standards, amendments and interpretation issued from time to time by HKICPA
"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" or "HK"	Hong Kong Special Administrative Region of the PRC

"Hong Kong dollar(s)", "HK$" or "HKD"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the new 9,000,000 Shares being initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to adjustment) as further described in the section headed "Structure of the Global Offering" in this prospectus
"Hong Kong Public Offering"	conditional offering by the Hong Kong Underwriters of the Hong Kong Offer Shares with members of the public in Hong Kong and institutional and professional investors, as described in the section headed "Structure of the Global Offering" in this prospectus
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting — Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement relating to the Hong Kong Public Offering dated October 28, 2019 entered into by, among others, the Sole Sponsor and our Company
"Independent Third Party(ies)"	person(s) or company(ies) which, to the best of our Directors' knowledge, information and belief having made all reasonable enquiries, is/are not connected persons (as defined in the Listing Rules) of our Company
"International Offer Shares"	the 81,000,000 Shares offered in the International Offering
"International Offering"	conditional offering by the International Underwriters of the International Offer Shares with institutional and professional investors and other investors, as described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriters"	the underwriters of the International Offering who are expected to enter into the International Underwriting Agreement as purchasers on or around the Price Determination Date

"International Underwriting Agreement"	the underwriting agreement relating to the International Offering which is expected to be entered into by, among others, the Joint Global Coordinators, the International Underwriters and our Company on or around the Price Determination Date
"IP"	intellectual property(ies)
"Jiangsu Alphamab"	Jiangsu Alphamab Biopharmaceuticals Co., Ltd. (江蘇康寧傑瑞生物製藥有限公司), a company incorporated in the PRC with limited liability on July 14, 2015, which is an Independent Third Party
"JLL"	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the independent property valuer commissioned by us to conduct property valuation on the properties of the Group
"Joint Bookrunners"	ICBC International Capital Limited, Yuanta Securities HK, China Renaissance Securities (Hong Kong) Limited and China Everbright Securities (HK) Limited
"Joint Global Coordinators"	ICBC International Capital Limited and Yuanta Securities HK
"Joint Lead Managers"	ICBC International Securities Limited, Yuanta Securities HK, China Renaissance Securities (Hong Kong) Limited, China Everbright Securities (HK) Limited and Luk Fook Securities (HK) Limited
"Kintor Pharmaceutical"	Suzhou Kintor Pharmaceuticals, Inc. (蘇州開拓藥業股份有限公司), a company incorporated in the PRC with limited liability on March 24, 2009, which is an Independent Third Party
"Latest Practicable Date"	October 20, 2019, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Lee's Pharm"	Lee's Pharmaceutical Holdings Limited (李氏大藥廠控股有限公司), a company incorporated in the Cayman Islands with limited liability on December 17, 2001 whose shares are listed on the Hong Kong Stock Exchange (stock code: 950), which is an Independent Third Party, and, if the context requires, its subsidiaries, including Zhaoke Pharmaceutical

"Listing"	the listing of our Shares on the Main Board of the Stock Exchange
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date of Listing, expected to be on or about November 8, 2019
"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
"Lumosa Therapeutics"	Lumosa Therapeutics Co., Ltd. (順天醫藥生技股份有限公司), a company incorporated in Taiwan with limited liability on November 13, 2000, which is an associate of Centerlab and hence a connected person of our Company
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Miramonte"	Miramonte Investment Co. Ltd. (米瑞蒙地投資股份有限公司), a company incorporated in Taiwan with limited liability on September 4, 2013, which is our Shareholder
"NewBio Therapeutics"	NewBio Therapeutics Inc. (上海新理念生物醫藥科技有限公司), a company incorporated in the PRC with limited liability on February 18, 2011, which is an Independent Third Party
"Nien Hsing BVI"	Nien Hsing International (BVI) Ltd. (年興國際(維京群島)有限公司), a company incorporated in the British Virgin Islands with limited liability on December 11, 1996, which is an Independent Third Party and a Cornerstone Investor
"NMPA"	National Medical Products Administration (國家藥品監督管理局), and, where the context requires, its predecessor, the China Food and Drug Administration (國家食品藥品監督管理局)
"NT$" or "NTD"	New Taiwan dollar(s), the lawful currency of Taiwan
"Offer Price"	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%)

"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares
"Over-Allotment Option"	the option to be granted by us to the International Underwriters, exercisable by ICBCI Capital on behalf of the International Underwriters pursuant to the International Underwriting Agreement at any time from the Listing Date until the 30th day from the last day for lodging applications under the Hong Kong Public Offering, to require us to issue and allot up to 13,500,000 additional new Shares, representing 15% of the initial Offer Shares, at the Offer Price under the International Offering to cover over-allocations in the International Offering, if any. See "Structure of the Global Offering — Over-Allotment Option" for more details
"PRC" or "China"	the People's Republic of China, excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan
"PRC Company Law"	Company Law of the People's Republic of China (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, as amended, supplemented or otherwise modified from time to time
"PRC Legal Advisor"	King & Wood Mallesons, the PRC legal advisor to the Company
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme adopted by our Company on February 20, 2013 and subsequently amended by our Board on December 11, 2017, December 20, 2018, March 12, 2019, April 16, 2019 and July 22, 2019
"Pre-IPO Share Options"	the share options granted under the Pre-IPO Share Option Scheme
"Preferred Share(s)"	Class A Preferred Share(s) and/or Class B Preferred Share(s)
"Preferred Shareholders"	Class A Preferred Shareholder(s) and/or Class B Preferred Shareholder(s)
"Price Determination Date"	the date, expected to be on or around November 1, 2019 but no later than November 4, 2019, on which the Offer Price is fixed for the purposes of the Global Offering

"Prime Success"	Prime Success International Limited (鈞信國際有限公司), a company incorporated in Hong Kong with limited liability on October 26, 2010, which is our Shareholder
"Regulation S"	Regulation S under the U.S. Securities Act
"RMB" or "Renminbi"	Renminbi yuan, 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 (中華人民共和國國家外匯管理局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Junshi"	Shanghai Junshi Biosciences Co., Ltd. (上海君實生物醫藥科技股份有限公司), a company incorporated in the PRC with limited liability on December 27, 2012 whose shares are listed on the Hong Kong Stock Exchange (stock code: 1877) and quoted on the National Equities Exchange and Quotations (全國中小企業股份轉讓系統) of the PRC (stock code: 833330), which is an Independent Third Party
"Shanghai Miracogen"	Shanghai Miracogen Inc. (上海美雅珂生物技術有限責任公司), a company incorporated in the PRC with limited liability on January 27, 2014, which is an Independent Third Party
"Share(s)" or "Ordinary Share(s)"	ordinary shares of our Company
"Share Registrar"	Tricor Investor Services Limited
"Shareholder(s)" or "Ordinary Shareholder(s)"	holder(s) of our Share(s)

"Shareholders' Agreement"	the shareholders' agreement dated July 6, 2018 and supplemented in September 2018 entered into between, among others, the Company and Centerlab, details of which are set out in the section headed "History and Development — Major Changes to our Company's Issued Share Capital Since Its Establishment — Principal Terms of the Class A Preferred Shares and Class B Preferred Shares — The Shareholders' Agreement"
"Shengyang Biopharm"	Shengyang Biopharm (Hong Kong) Limited (昇洋醫藥國際有限公司), a company incorporated in Hong Kong with limited liability on June 24, 2008, which is our wholly-owned subsidiary
"Sole Sponsor" or "ICBCI Capital"	ICBC International Capital Limited
"Sophisticated Investor"	a "Sophisticated Investor" of the Company within the meaning of the Guidance Letter HKEX-GL92-18 issued by the Stock Exchange in April 2018
"Stabilizing Manager"	ICBC International Securities Limited
"Suzhou Production Center"	our production center located at No. 120 Changyang Street, Suzhou Industrial Park, Suzhou City, Jiangsu Province, China
"Taiho Pharmaceutical"	Taiho Pharmaceutical of Beijing Co., Ltd. (大鵬藥品信息諮詢(北京)有限公司), a company incorporated in the PRC with limited liability on July 7, 2008, which is an Independent Third Party and is a wholly-owned subsidiary of Otsuka Holdings Co., Ltd. (大塚ホールディングス株式会社) whose shares are listed on the Tokyo Stock Exchange (stock code: 4578)
"Taipei Exchange"	Taipei Exchange (證券櫃檯買賣中心), an over-the-counter market in Taiwan
"Taiwan"	the Republic of China
"Takeovers Code"	the Code on Takeovers and Mergers of Hong Kong
"TOT BIOPHARM", "Company" or "our Company"	TOT BIOPHARM International Company Limited (東曜藥業股份有限公司) (formerly known as TOT BIOPHARM International Company Limited (東源國際醫藥股份有限公司)), a company incorporated in Hong Kong with limited liability on December 4, 2009

"TOT Shanghai"	Dongyuan Biotech (Shanghai) Co., Ltd. (東源生物醫藥科技(上海)有限公司), a company incorporated in the PRC with limited liability on April 14, 2010, which is our wholly-owned subsidiary
"TOT Suzhou"	TOT BIOPHARM Co., Ltd. (東曜藥業有限公司), a company incorporated in the PRC with limited liability on July 5, 2010, which is our wholly-owned subsidiary
"TOT Taipei"	TOT BIOPHARM Company Limited (東源國際醫藥股份有限公司), a company incorporated in Taiwan with limited liability on March 14, 2016, which is our wholly-owned subsidiary
"Track Record Period"	the two years ended December 31, 2018 and the four months ended April 30, 2019
"TTY Biopharm"	TTY Biopharm Company Limited (台灣東洋藥品工業股份有限公司), a company incorporated in Taiwan with limited liability on July 22, 1960, which is our former Shareholder and an Independent Third Party
"TWi Pharmaceuticals"	TWi Pharmaceuticals, Inc. (安成國際藥業股份有限公司), a company incorporated in Taiwan with limited liability on December 1, 1997, which is an Independent Third Party
"TWSE"	Taiwan Stock Exchange Corporation (臺灣證券交易所)
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America
"U.S. Dollar(s)", "US$" or "USD"	United States dollar(s), the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933 (as amended) and the rules and regulations promulgated thereunder
"Vaxcel"	Vaxcel Investment Inc., a company incorporated in the British Virgin Islands with limited liability on October 5, 2007, which is our former Shareholder and an Independent Third Party

"Vaxgen"	Vaxgen Investment Inc., a company incorporated in the British Virgin Islands with limited liability on September 28, 2010, which is our Shareholder
"Vaxon"	Vaxon Investment Inc., a company incorporated in Samoa with limited liability on August 26, 2016, which is our Shareholder
"Vivo Capital"	Vivo Capital Fund VIII, L.P. and Vivo Capital Surplus Fund VIII, L.P., both of which are limited partnerships organized in the State of Delaware of the United States on December 17, 2014 and are our Shareholders and a Cornerstone Investor
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant's own name
"WHO"	World Health Organization
"Xudong Haipu"	Xudong Haipu International Company Limited (旭東海普國際股份有限公司), a company incorporated in the Cayman Islands with limited liability on April 21, 2009, which is our former Shareholder and an Independent Third Party
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be deposited directly into CCASS
"Yuanta Construction"	Yuanta Construction Development Co., Ltd. (元大建設開發股份有限公司), a company incorporated in Taiwan with limited liability on June 13, 1990, which controls Vaxgen and Vaxon
"Yuanta Financial"	Yuanta Financial Holding Co., Ltd. (元大金融控股股份有限公司), a company incorporated in Taiwan with limited liability on February 4, 2002 whose shares are listed on the TWSE (stock code: 2885), which wholly owns Yuanta Securities HK and Yuanta Venture Capital
"Yuanta Securities HK"	Yuanta Securities (Hong Kong) Company Limited (元大證券(香港)有限公司), a company incorporated in Hong Kong with limited liability on October 22, 1992, which is our Shareholder, one of the Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and Hong Kong Underwriters

"Yuanta Venture Capital"	Yuanta Venture Capital Co., Ltd. (元大創業投資股份有限公司), a company incorporated in Taiwan with limited liability on December 13, 2002, which is our Shareholder
"Zhaoke Pharmaceutical"	Zhaoke (Guangzhou) Ophthalmology Pharmaceutical Limited (兆科(廣州)眼科藥物有限公司), a company incorporated in the PRC with limited liability on June 16, 2016, which is a wholly-owned subsidiary of Lee's Pharm and an Independent Third Party

In this prospectus, the terms "associate(s)", "close associate(s)", "connected person(s)", "connected transaction(s)", "controlling shareholder(s)", "core connected person(s)", "subsidiary(ies)" and "substantial shareholder(s)" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this prospectus 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.

For ease of reference, the names of the PRC and Taiwan laws and regulations, governmental authorities, departments, entities, institutions, natural persons, facilities, certificates and titles have been included in this prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

This glossary contains definitions of certain technical terms used in this prospectus in connection with our business. These terms and their given meanings may not correspond to industry standard definitions or usage of these terms.

"ADCC"	antibody-dependent cell-mediated cytotoxicity
"ADCs"	antibody drug conjugates, complex molecules composed of an antibody linked to a biologically active cytotoxic agent, a targeted therapy designed to kill cancer cells and spare healthy cells
"AE"	adverse event
"AESI"	adverse event of special interest
"ANDA"	abbreviated new drug application
"antibody"	also known as an immunoglobulin, a Y-shaped protein produced mainly by plasma cells to neutralize pathogens such as bacteria and viruses
"AUC_{0-t}"	area under the concentration-time curve from the first time point measured (0) to the last time point measured (t)
"$AUC_{0-\infty}$"	area under the concentration-time curve from the first time point measured (0) extrapolated to infinity
"AUV"	the area under the curve, a measure of how much of a drug is in a patient's system over a given time period
"BE study"	bioequivalence study
"biosimilar"	a biological product which is highly similar in quality, safety and efficacy to another biological product, or the originator drug, that is already licensed for use
"BSL-2"	Biological Safety Level 2, a term frequently used to describe laboratories where work with microorganisms is conducted under a specific biosafety practices and procedures
"CDMO"	contract development and manufacturing organization, which is a pharmaceutical company that develops and manufactures drugs for other pharmaceutical companies on a contractual basis

"CD47"	cluster of differentiation 47, also known as integrin associated protein (IAP), a membrane protein which provides a "do not eat me" signal to macrophages
"CHO Cell Lines"	Chinese Hamsters Ovary Cell Lines
"CL"	total body clearance
"C_{max}"	maximum measured serum concentration
"CMC"	chemistry, manufacturing, and controls processes in the development, licensure, manufacturing, and ongoing marketing of pharmaceutical products
"C_{min}"	valley concentration before the second infusion
"CMO"	contract manufacturing organization, which is a pharmaceutical company that manufactures drugs for other pharmaceutical companies on a contractual basis
"CNV"	choroidal neovascularization
"CRO"	contract research organization, which is a pharmaceutical company that conducts research for other pharmaceutical companies on a contractual basis
"CTCAE"	Common Terminology Criteria for Adverse Events, a set of criteria, published by the National Cancer Institute, for the standardized classification of adverse effects of drugs used in cancer therapy
"CTLA-4"	cytotoxic T-lymphocyte-associated protein 4, a protein receptor that functions as an immune checkpoint and downregulates immune responses
"DCR"	disease control rate
"DME"	diabetic macular edema
"DoR"	duration of response
"ECG"	electrocardiogram
"EGFR"	epidermal growth factor receptor

"FOLFOX4"	a mainly standard regimen for the treatment of advanced colorectal cancer, including oxaliplatin, 5-FU and leucovorin
"GCP"	good clinical practice
"GDP"	gross domestic product
"GMP"	good manufacturing practice
"GSP"	good supply practice
"Haemophilus influenzae type b" or "Hib"	a type of bacteria that is associated to bacteremia, acute bacterial meningitis, pneumonia and epiglottitis
"Haemorrhagic fever with renal syndrome"	a group of clinically similar illnesses caused by hantaviruses from the family Hantaviridae, in the order Bunyavirales
"hepatitis A"	a liver disease caused by the hepatitis A virus, which is primarily spread when an uninfected (and unvaccinated) person ingests food or water that is contaminated with the faeces of an infected person
"HER2+"	human epidermal growth factor receptor 2 positive
"inactivated vaccine"	a vaccine consisting of virus particles, bacteria, or other pathogens that have been grown in culture and then killed using a method such as heat or formaldehyde
"IND"	Investigational new drug, a certification required to conduct clinical trials for an experimental drug
"IRB"	institutional review board
"mAb"	monoclonal antibody
"mCRC"	metastatic colorectal cancer
"ME"	macular edema
"NDA"	new drug application

"NRDL"	the National Reimbursement Drug List, a list of reimbursable drugs for those covered by the government-sponsored urban medical insurance schemes, managed by the National Healthcare Security Administration of the PRC
"NSCLC"	non-small-cell lung cancer
"nsNSCLC"	non-squamous NSCLC
"NS0 Cell Lines"	Nonsecreting Murine Myeloma Cell Line
"OEL-5"	occupational exposure limit-5, a specific upper limit on the acceptable concentration of a hazardous substance in workplace air for a particular material or class of materials
"ORR"	objective response rate, the proportion of patients with reduction in tumor burden of a predefined amount
"OSR"	overall survival rate
"PC"	a chemical medication used to treat cancers, including paclitaxel and carboplatin
"PD"	pharmacodynamic
"PD-L1"	PD-1 ligand 1, a protein on the surface of a normal cell or a cancer cell that attaches to certain proteins on the surface of the T cell that causes the T cell to turn off its ability to kill the cancer cell
"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
"PFS"	progression-free survival, the length of time during and after the treatment of a disease, such as cancer, that a patient lives with the disease but it does not get worse. In a clinical trial, measuring the progression-free survival is one way to see how well a new treatment works

"PK"	"pharmacokinetics", a branch of pharmacology dedicated to determining the fate of substances administered to a living organism
"PR"	partial response
"QbD"	Quality by Design
"R&D"	research and development
"retention rate"	equals to, for a given period, the number of employees that remain employed through period divided by the total number of employees at the beginning of the period
"RVO"	retinal vein occlusion
"SAE"	serious adverse event
"SD"	standard deviation
"TEAE"	treatment-emergent adverse events
"TKI"	tyrosine kinase inhibitors
"t_{max}"	time to maximum serum concentration
"TRAE"	treatment related adverse event, an adverse event present after medical treatment
"VEGF"	vascular endothelial growth factor
"V_{ss}"	volume of distribution at steady state
"V_z"	volume of distribution
"wAMD"	wet age-related macular degeneration
"λ_z"	terminal rate constant
"5-FU"	5-Fluorouracil, a chemical medication used to treat cancers

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including without limitation the risks described in the section headed "Risk Factors" in this prospectus. These forward-looking statements include, without limitation, words and expressions such as "aim", "anticipate", "believe", "could", "estimate", "expect", "going forward", "intend", "may", "ought to", "plan", "project", "seek", "should", "will" and "would" or similar expressions, words or statements or the negative thereof, in particular, in the sections headed "Business" and "Financial Information" in this prospectus in relation to future events, including our strategies, plans, objectives, goals, targets, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets, as well as the national and global economy.

These statements are based on numerous assumptions regarding our present and future business strategy and the environment in which we will operate in the future. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to known and unknown risks, uncertainties, assumptions and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Important factors that could materially affect our actual results, performance or achievements include, without limitation, the risk factors described in the section headed "Risk Factors" and elsewhere in this prospectus, and the following:

- the timing of initiation and completion and the progress of our drug discovery and research programs;
- the timing and likelihood of regulatory filings and approvals, such as IND and NDA;
- our ability to advance our drug candidates into drugs, and the successful completion of clinical trials;
- the approval, pricing and reimbursement of our drug candidates;
- the commercialization of our drug candidates;
- the market opportunities and competitive landscape of our drug candidates;
- our business and prospects;
- competition from other domestic and foreign biotech companies and their products;
- the regulatory and enforcement environment of the industry and markets in which we operate;
- future developments, trends conditions and outlook in the industry and markets in which we operate;
- our strategies, plans, objectives and goals and our ability to implement the foregoing;

- advance in technology;
- our ability to develop and commercialize new products;
- general economic, political and business environment in the markets in which we operate;
- our expected expenditure and working capital needs;
- our ability to reduce costs;
- exchange rate fluctuations;
- the performance of global financial markets, including changes in our ability to access the capital markets and changes in the level of interest rates;
- availability and costs of bank loans and other forms of financing;
- our liquidity and financial conditions;
- our relationship with, and other conditions affecting, our suppliers, customers and other business partners;
- currency exchange restrictions; and
- our dividend policy.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in the Offer Shares. You should pay particular attention to the fact that substantially all of our business is located in the PRC and we are governed by a legal and regulatory environment which may differ in some respects from that which prevails in other countries. Our business, financial condition, results of operations and prospects could be materially and adversely affected by any of these risks. The trading price of our Shares could also decrease significantly due to any of these risks and you may lose all or part of your investment.

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) risks relating to our financial position and need for additional capital; (ii) risks relating to our business, comprising (a) risks relating to the development of our drug candidates, (b) risks relating to the development of biosimilars and generic drugs, (c) risks relating to extensive government regulation, (d) risks relating to commercialization of our drugs and drug candidates, (e) risks relating to our intellectual property rights and (f) risks relating to our reliance on third parties; (iii) risks relating to our operations; (iv) risks relating to our doing business in the PRC and Taiwan; and (v) risks relating to the Global Offering.

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We currently do not generate revenue from sales of any drug products developed by us and may not become profitable in the foreseeable future, or at all, and potential investors may lose substantially all of their investments in us given the nature of biotech industry.

Our main business is the development and commercialization of drug products. As all of our drug candidates are still in the research and development stage, we currently do not generate revenue from sales of drug products developed by us and recorded continued losses during the Track Record Period. If we fail to commercialize our drug candidates as planned, or at all, due to failures to complete clinical trials, obtain regulatory approval and conduct commercial manufacturing or any other reason, we may experience significant delays or failure in generating revenue and realizing profit from sales of our drug products.

Further, we expect to incur significant costs in the future, in particular for the research, development and commercialization of our drug candidates. Our research and development expenses amounted to RMB105.9 million, RMB188.7 million and RMB48.3 million in 2017, 2018 and the four months ended April 30, 2019, respectively. As a drug candidate enters into clinical stage, costs associated with such drug candidate increase significantly. In the future, as we move more pre-clinical drug candidates into the clinical stage, conduct more clinical trials for commercialized products to broaden their use and carry out commercial production of our drug products, the costs associated with such operations may increase significantly.

As we operate in the highly competitive biopharmaceutical market, we are under pressure to incur research and development and other expenses which has an impact on our profitability. On the other hand, our commercialized drug products may fail, or fail to realize their sales potential as expected, due to competition, insufficient market demand, product defect or any other reason. Therefore, even after we start to generate revenue from sales of drug products developed by us in the future, we may still not be profitable for an extended period of time or may not become profitable at all.

Moreover, the biotech industry in which we operate is by nature highly risky. We may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. If we could not address these risks and difficulties successfully, our business will be materially harmed and we may not be able to continue our operations. These risks may cause potential investors to lose substantially all of their investments in our Shares.

We have incurred significant net losses and net operating cash outflows since our inception, and we anticipate that we will continue to incur net losses and net operating cash outflows until we successfully commercialize our drug candidates.

Investment in pharmaceutical drug development is highly speculative. It entails substantial upfront capital expenditures and significant risk that a drug candidate will fail to gain regulatory approval or become commercially viable. We continue to incur significant expenses related to our ongoing operations. As such, we have incurred losses in each period since our inception, and had a loss for the year/period of RMB148.7 million, RMB268.3 million and RMB102.4 million in 2017, 2018 and the four months ended April 30, 2019, respectively.

We expect to continue to incur losses for the foreseeable future, and we expect these losses to increase as we continue and expand our development of, and seek regulatory approvals for, our drug candidates, and continue to build up our commercialization and sales workforce in anticipation of the future roll-out of our late-stage drug candidates. Typically, it takes many years to develop one new drug from the drug discovering stage to when it is available for treating patients. 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. Our losses may also further increase due to:

- maintenance and expansion of our manufacturing facilities;
- continued need to recruit clinical, operational, financial, manufacturing and scientific personnel;
- addressing any competing technological and marketing developments, including new products developed by competitors;
- obtaining, maintaining, expanding and protecting our intellectual property portfolio; and
- acquiring or in-licensing other intellectual property, drug candidates and technologies.

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 make or receive with or 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 research and development efforts, expand our business or continue our operations.

Our accumulated losses increased during the Track Record Period, and the Company's consolidated net assets recorded net deficit position as of April 30, 2019, which may continue or recur after the Listing.

Our accumulated losses increased by 55.3% from RMB485.5 million as of December 31, 2017 to RMB753.8 million as of December 31, 2018, which further increased by 13.6% to RMB856.1 million as of April 30, 2019, primarily attributable to significant increases in our research and development expenses in relation to the clinical trials and pre-clinical development of our drug candidates. Primarily as a result of the increased accumulated losses, the Company's consolidated net assets recorded net deficit of RMB184.5 million and RMB267.7 million as of December 31, 2018 and April 30, 2019, respectively, as compared to the total equity of RMB77.3 million as of December 31, 2017. See "Financial Information — Consolidated Balance Sheets", "Financial Information — Indebtedness" and "Financial Information — Working Capital Confirmation" for more details. Our increased accumulated losses, and the resulting net deficit position, expose us to liquidity risk. Our future liquidity, the payment of trade and other payables, our capital expenditure plans and the repayment of our outstanding debt obligations as and when they become due will primarily depend on our ability to maintain adequate cash generated from operating activities and adequate external financing. Our accumulated losses may increase, and our net deficit position may continue after the Listing, which may limit our working capital for the purpose of operations or capital for our expansion plans and materially and adversely affect our business, financial condition and results of operations.

We may need additional capital to meet our operating cash requirements, and we may not be able to obtain financing on terms acceptable to us, or at all.

We believe our current cash and cash equivalents, the internally generated funds and the estimated net proceeds from the Global Offering will be sufficient to meet our anticipated cash needs for the 12 months after the listing. We may, however, require additional cash resources to meet our continued operating cash requirements in the future, especially to fund our research and development activities. In 2017, 2018 and the four months ended 30 April 2019, our research and development burn, which represents the cash operating costs for research and development for the relevant periods, amounted to RMB101.0 million, RMB136.5 million and RMB60.0 million, respectively. Our cash operating costs for research and development mainly consist of clinical trials expenses, employee benefits expenses and research and development materials and consumables expenses. Clinical trials expenses include expenses incurred in the engagement of clinical trial sites and principal investigators, patients recruitment, procurement of reference drugs, medical imaging, testing and data analytics. If the financial resources available to us after the Listing 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 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.

We have a limited operating history, which may make it difficult to evaluate our current business and predict our future performance. The risks involved in our business may cause potential investors to lose substantially all of their investment in our business.

We are a development-stage biopharmaceutical company founded in 2009. Our operations to date have focused on organizing and staffing our Company, business planning, raising capital, establishing our intellectual property portfolio, conducting pre-clinical studies and clinical trials of our drug candidates

and marketing an oncology drug of an Independent Third Party. We have no self-developed products approved for commercial sale and have not generated any revenue from self-developed product sales. Our limited operating history, particularly in light of the rapidly evolving biopharmaceutical industry, may make it difficult to evaluate our current business and reliably predict our future performance. We may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. If we do not address these risks and difficulties successfully, our business will suffer. These risks may cause potential investors to lose substantially all of their investment in our business.

We will need to obtain additional financing to fund our operations, and if we are unable to obtain such financing, we may be unable to complete the development and commercialization of our drug candidates.

Our drug candidates will require the completion of clinical development, regulatory review, significant marketing efforts and substantial investment before they can provide us with product sales revenue. Our operations have consumed substantial amounts of cash since inception. Our operating activities used RMB117.6 million, RMB175.1 million and RMB83.9 million of net cash in 2017, 2018 and the four months ended April 30, 2019, respectively. We expect to continue to spend substantial amounts on drug discovery, advancing the clinical development of our drug candidates, and launching and commercializing any approved drug candidates for which we receive regulatory approval. Our existing cash, cash equivalents and short-term investments may not be sufficient to enable us to complete all global development or commercially launch all of our current drug candidates for the currently anticipated indications and to invest in additional programs. Accordingly, we will require further funding through public or private offerings, debt financing, collaboration and licensing arrangements or other sources. Our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement and involves risks and uncertainties, and actual results could vary as a result of a number of factors, including the factors discussed elsewhere in this "Risk Factors" section. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we currently expect. Our future funding requirements will depend on many factors, including:

- the progress, timing, scope and costs of our clinical trials, including the ability to timely enroll patients in our planned and potential future clinical trials;
- the outcome, timing and cost of regulatory approvals of our drug candidates;
- the number and development requirements of drug candidates that we may in-license and develop;
- the amount and timing of the milestone and royalty payments we receive from our collaborators;
- the cost of filing, prosecuting, defending and enforcing any patent claims or other intellectual property rights;
- 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 terms and timing of any potential future collaborations, licensing or other arrangements that we may establish;

- cash requirements of any future acquisitions and/or the development of other drug candidates;
- the cost and timing of development and completion of commercial-scale internal or outsourced manufacturing activities; and
- our headcount growth and associated costs.

If we are unable to raise capital when needed or on attractive terms, we may be forced to delay, reduce or eliminate our research and development programs or future commercialization efforts. Our inability to obtain additional funding when we need it could have a material adverse effect on our business.

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 seek additional funding through a combination of equity offerings, debt financings, collaborations and licensing arrangements. 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 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 issue additional equity, limitations on our ability to pay dividends, 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 market price of our Shares to decline. In the event that we enter into collaborations or arrangements in order to raise capital, we may be required to accept unfavorable terms, including relinquishing or licensing to a third party on unfavorable terms our rights to technologies or drug candidates that we otherwise would seek to develop or commercialize ourselves or potentially reserve for future potential arrangements when we might be able to achieve more favorable terms.

The performance and value of our investments in financial products and equity securities are subject to uncertainties and fluctuation.

As part of our treasury management and following our investment policies, we invested in wealth management products or other short-term financial products issued by banks and other financial institutions, which are unsecured with no guaranteed return on investments. These financial products are thus classified as financial assets at fair value through profit or loss. As of December 31, 2017, 2018 and April 30, 2019, the balance of our financial assets at fair value through profit or loss was RMB47.8 million, RMB17.3 million and RMB27.3 million, respectively. Such balance fluctuates with the timing of maturity of certain products and our purchasing of additional products in accordance with our investment policy. The performance and the value of our investment in such products may fluctuate or decrease from time to time for reasons beyond our control, such as market interest rates, performance of the reference assets which is used to determine the return of our investments, changes to regulatory requirements or restrictions, general economic conditions, and risks associated with any specific country or currency. Those investments are also subject to the credit risk of the issuers and we may lose all or a substantial

amount of our investments in the event that an issuer becomes insolvent or delays in making or fails to make any payments when due. Any decrease of value or underperformance of these financial assets may adversely affect our financial condition or business prospects. See "Financial Information — Consolidated Balance Sheets — Financial Assets at Fair Value through Profit or Loss" for further details of our investments in such products.

Additionally, we hold a long-term equity investment in Lumosa Therapeutics, an associate of Centerlab listed on the Taipei Exchange, an over-the-counter market in Taiwan. Such equity investment is classified as financial assets at fair value through other comprehensive income, and their fair value is measured by the quoted market price of the shares. As of December 31, 2017 and 2018 and April 30, 2019, the balance of our financial assets at fair value through other comprehensive income was RMB6.5 million, RMB6.8 million and RMB6.5 million, respectively. The price of these securities may fluctuate with changes in market conditions as well as the performance and business prospects of Lumosa Therapeutics, among others, all of which are beyond our control. Any decrease in the prices of these securities will result in fair value losses on financial assets at fair value through other comprehensive income, and may adversely affect our financial condition. See "Financial Information — Consolidated Balance Sheets — Financial Assets at Fair Value through Other Comprehensive Income" for further details of our equity investment in Lumosa Therapeutics.

Fair value changes in our financial instruments issued to investors and related valuation uncertainty may materially affect our financial condition and results of operations.

During the Track Record Period, we raised US$45.0 million from our investors through the issuance of convertible bonds in 2017 and 2018, all of which were converted into Class A Preferred Shares in 2018. For a summary of the terms of the convertible loans, see "History and Development — Major Changes to Our Company's Issued Share Capital Since Its Establishment — Issuance of the Convertible Bonds in 2017 and 2018". We also raised US$57.0 million through issuance of Class B Preferred Shares in 2018. For a summary of the terms of the convertible preferred shares, see "History and Development — Major Changes to Our Company's Issued Share Capital Since Its Establishment — Principal Terms of the Class A Preferred Shares and Class B Preferred Shares". The convertible bonds and convertible preferred shares were recorded on a fair value basis. The discounted cash flow method was used to determine the total equity value of the Company while the binomial model was adopted to determine the fair value of the convertible loans and the convertible preferred shares, and the key valuation assumptions used discount rate, risk-free interest rate and volatility. Any change in the assumptions may lead to different valuation results and, in turn, changes in the fair value of these financial instruments issued to investors. Our convertible preferred shares will be automatically converted to Shares upon the closing of the Global Offering. To the extent we need to revalue the convertible preferred shares prior to the closing of the Global Offering, any change in fair value of these convertible preferred shares and related valuation uncertainty could materially affect our financial position and performance. In 2017, 2018 and the four months ended April 30, 2019, we recognized losses of RMB42.9 million, RMB29.4 million and RMB26.1 million, respectively, relating to these financial instruments issued to investors. As of April 30, 2019, the Company's consolidated net asset recorded net deficit of RMB267.7 million, mainly due to convertible preferred shares issued to investors with carrying amount of RMB783.9 million under non-current liabilities. Our convertible preferred shares will be automatically converted to Shares upon the closing of the Global Offering, and as a result, net deficit is expected to turn into net asset upon the conversion. See "Financial Information — Consolidated Statements of Profit or Loss — Fair Value Change in Financial Instruments Issued to Investors", "Financial Information — Consolidated Balance Sheets", as well as Note 2.1 and and Note 27 to

Appendix I — "Accountant's Report" to this prospectus for details. We expect to recognize additional losses on the fair value changes of the convertible preferred shares from April 30, 2019 to the Listing Date. After the automatic conversion of all preferred shares into Shares upon the closing of the Global Offering, we do not expect to recognize any further gains or losses on fair value changes from these convertible preferred shares in the future.

RISKS RELATING TO OUR BUSINESS

Risks Relating to the Development of Our Drug Candidates

We depend substantially on the success of our drug candidates, all of which are undergoing pre-clinical or clinical development. If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our drug candidates, or experience significant delays in doing so, our business will be materially harmed.

Our business will depend on the successful development, regulatory approval and commercialization of our drug candidates for the treatment of patients with cancer or other targeted indications, all of which are still in pre-clinical or clinical development, and other drug candidates we may develop. We have invested a significant portion of our efforts and financial resources in the development of our existing drug candidates. The success of our drug candidates will depend on several factors, including:

- successful enrollment of patients in, and completion of, clinical trials, as well as completion of pre-clinical studies;
- favorable safety and efficacy data from our clinical trials and other studies;
- receipt of regulatory approvals;
- establishing commercial manufacturing capabilities, either by building facilities ourselves or making arrangements with third-party manufacturers;
- the performance by contract research organizations ("**CROs**") 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 and maintaining patent, trade secret and other intellectual property protection and regulatory exclusivity for our drug candidates;
- ensuring we do not infringe, misappropriate or otherwise violate the patent, trade secret or other intellectual property rights of third parties;
- successfully launching commercial sales of our drug candidates, if and when approved; and
- obtaining sufficient supplies of any competitor drug products that may be necessary for use in clinical trials for evaluation of our drug candidates.

If we do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays in our ability or be unable to obtain approval for and/or to successfully commercialize

our drug candidates, which would materially harm our business and we may not be able to generate sufficient revenues and cash flows to continue our operations. These factors present uncertainty and material risks to our commercial success and may cause potential investors to lose a substantial amount or substantially all of their investment in our business.

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.

Clinical development is expensive and can take many years to complete, and its outcome is inherently uncertain. Our expenditure on clinical trials constituted the largest component of our overall research and development expenditure during the Track Record Period, amounting to RMB41.2 million, RMB90.5 million and RMB8.0 million in 2017, 2018 and the four months ended April 30, 2019, respectively.

Commencement of a clinical trial is subject to finalizing trial design based on ongoing discussions with the NMPA and/or other regulatory authorities. Successful completion of our clinical trials is a prerequisite to submitting an NDA or similar filing to the NMPA or other regulatory authorities for each drug candidate and, consequently, the ultimate approval and commercialization of our drug candidates. We cannot assure you as to when the clinical trials for our pre-clinical drug candidates will begin, if at all. Failure can occur at any time during the course of drug development and the clinical trial process for a variety of reasons. The results of pre-clinical studies and early clinical trials of our drug candidates may not be predictive of the results of later-stage clinical trials, and initial or interim results of a trial may not be predictive of the final results. Drug candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through pre-clinical studies and initial clinical trials. In some instances, there can be significant variability in safety and/or efficacy results between different 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, including genetic differences, patient adherence to the dosing regimen and other trial protocol elements and the rate of dropout among clinical trial participants. In the case of any trials we conduct, results may differ from earlier trials due to the larger number of clinical trial sites and additional groups of patients involved in such trials. 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 positive results in earlier trials. Our future clinical trial results may not be favorable. In addition, research and development costs step up significantly as drug candidates reach more advanced clinical stages. Accordingly, if future clinical trial results are not favorable, we may be unable to recover both the costs of the earlier phases as well as the substantially greater costs of later phases.

Even if our future clinical trial results show favorable efficacy and impressive durability of antitumor responses, not all patients may benefit. For certain drugs, including checkpoint inhibitors, and in certain indications, it is likely that the majority of patients may not respond to the agents at all, some responders may relapse after a period of response and certain tumor types may appear particularly resistant.

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

The timely completion of clinical trials in accordance with their protocols depends, among other things, on our ability to enroll a sufficient number of patients who remain in the trial until its conclusion.

We may experience difficulties in patient enrollment in our clinical trials for a variety of reasons, including the size and nature of the patient population, the patient eligibility criteria defined in the protocol, perceived risks and benefits of the drug candidate under study, efforts to facilitate timely enrollment in clinical trials, ability to obtain and maintain patent consent, and ability to monitor patient adequately during and after treatment.

Our clinical trials will likely compete with other clinical trials for drug candidates that are in the same therapeutic areas as our drug candidates, and this competition will reduce the number and types of patients available to us, because some patients who might have opted to enroll in our trials may instead opt to enroll in a trial being conducted by one of our competitors. Because the number of qualified clinical investigators and clinical trial sites is limited, we expect to conduct some of our clinical trials at the same clinical trial sites that some of our competitors use, which will reduce the number of patients who are available for our clinical trials at such clinical trial sites. Even if we are able to enroll a sufficient number of patients in our clinical trials, delays in patient 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 adversely affect our ability to advance the development of our drug candidates.

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 ultimately be unable to complete, the development and commercialization of our drug candidates.

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

We must keep pace with new technologies and methodologies to maintain our competitive position. Our research and development expenses were RMB105.9 million, RMB188.7 million and RMB48.3 million in 2017, 2018 and the four months ended April 30, 2019, respectively. We must continue to invest significant amounts of human and capital resources to develop or acquire technologies that will allow us to enhance the scope and quality of our clinical trials. We intend to continue to enhance our technical capabilities in drug 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 or obtain any patent or other intellectual property protection for such new or enhanced products. Any failure to do so may make our technologies obsolete, which could harm our business and prospects.

We may fail to identify, discover or prioritize the development of additional drug candidates.

We plan to continue our exploration for new drug candidates through our research and development to supplement our product pipeline. Research programs to identify new drug candidates and disease targets and to pursue the development of our drug candidates for additional indications require substantial technical, financial and human resources with no guarantee for success. Our research programs may initially show promise in identifying potential indications and/or drug candidates, yet fail to yield results for clinical development for a number of reasons, including:

- the research methodology used may not be successful in identifying potential drug candidates and/or indications;

- potential drug candidates may, after further study, be shown to have harmful adverse effects or other characteristics that indicate they are unlikely to be successful drugs; or

- it may take greater human and financial resources to identify additional therapeutic opportunities for our drug candidates or to develop suitable potential drug candidates through internal research programs than we will possess, thereby limiting our ability to diversify and expand our drug portfolio. Because we have limited financial and managerial resources, we focus on research programs and drug candidates for specific indications. As a result, we may forego or delay pursuit of opportunities with other drug candidates or for other indications that later prove to have greater commercial potential or a greater likelihood of success. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities.

Accordingly, there can be no assurance that we will ever be able to identify additional therapeutic opportunities for our drug candidates or to develop suitable potential drug candidates through internal research programs, which could materially and adversely affect our future growth and prospects. We may focus our efforts and resources on potential drug candidates or other potential programs that ultimately prove to be unsuccessful, which may have a material and adverse impact on our business, financial condition and results of operations.

Some of our drug candidates represent a novel approach to therapeutic needs that could result in delays in clinical development, regulatory approval or commercialization.

Some of our drug candidates represent a novel approach to therapeutic needs compared with more commonly used medical methods, which carries inherent development risks. Any modification to the protocols related to the demonstration of safety or efficacy of our drug candidates may delay the clinical program, regulatory approval or commercialization, if approved, and we may be required to supplement, modify, or withdraw and refile our applications for regulatory approval. In addition, potential patients and their doctors may be inclined to use conventional standard-of-care treatments rather than trying out a novel approach. Further, given the novelty of our drug candidates, patients and medical personnel may need a substantial amount of education and training. This may have a material impact on our ability to generate revenue from our drug candidates, which in turn may adversely affect our business, financial condition and results of operations.

Risks Relating to the Development of Biosimilars and Generic Drugs

Approval pathway for biosimilars in China remains fluid, which may adversely affect the regulatory approval of our biosimilars drug candidates.

The NMPA issued the Technical Guideline for the Research, Development and Evaluation of Biosimilars (Tentative) (the "**Biosimilars Guideline**") on February 28, 2015. The Biosimilars Guideline outlines the regulatory framework for biosimilars, aiming to move toward a clear industry structure for the development of biosimilars. The Biosimilars Guideline does not offer an alternative pathway for launching biosimilar products in China; rather, biosimilars are essentially subject to the same approval pathway as innovative biologics with a set of different technical review criteria. Applicants must mark in their IND and NDA applications that submissions are intended to be reviewed as biosimilars. In addition, various uncertainties surrounding the application and interpretation of the Biosimilars Guideline could adversely affect the regulatory approval of our existing biosimilar drug candidate, namely TAB008, which is also our Core Product. Uncertainties surrounding the approval pathway for biosimilars in China include:

- the Biosimilars Guideline is a technical guidance only and cannot address several fundamental issues for the administration of biosimilars in the absence of a clear legislative authorization, e.g., the interchangeability with reference products, the naming rules and the labeling requirements for biosimilars;

- although the Biosimilars Guideline adopted a stepwise comparability approach, it does not contain sufficient details to be regarded as overarching guidelines and it is also not clear whether the NMPA will take further steps to develop product-specific guidelines and guidelines addressing issues such as immunogenicity assessment; and

- while under the Biosimilars Guideline biosimilars are subject to the same approval pathway as innovative biologics with a set of different technical review criteria, it remains unclear if the time to market for biosimilars will be reduced compared with the lengthy review process for innovative biologics.

As such, we cannot assure you that our TAB008 will be approved under the Biosimilars Guideline, in a timely manner or at all, and we may not ultimately be able to develop and market it successfully.

Approved drug candidates, in particular generic drugs, may become subject to unfavorable pricing regulations in China, which could harm our business.

We intend to seek approval to market our drug candidates in China. In China, the pricing of drugs, in particular generic drugs, is subject to governmental control, which can take considerable time even after obtaining regulatory approval. Market acceptance and sales of any of our future approved drug candidates will depend significantly on the availability of adequate coverage and reimbursement from third-party payers for drugs and may be affected by existing and future health care reform measures.

In China, the Ministry of Human Resources and Social Security of China or provincial or local human resources and social security authorities, together with other government authorities, review the inclusion or removal of drugs from the China's National Drug Catalog for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance, or the NRDL or provincial or local level thereof regularly, and the tier under which a drug will be classified, both of which affect the amounts reimbursable to program participants for their purchases of those drugs. There can be no assurance that any of our future approved drug candidates will be included in the NRDL. Products included in the NRDL are typically generic and essential drugs. Innovative drugs similar to our drug candidates have historically been more limited on their inclusion in the NRDL due to the affordability of the government's Basic Medical Insurance.

If we were to successfully launch commercial sales of our products but fail in our efforts to have our products included in the NRDL or PRDL, our revenue from commercial sales will be highly dependent on patient self-payment, which can make our products less competitive. Additionally, even if the Ministry of Human Resources and Social Security of the PRC or any of its local counterparts accepts our application for the inclusion of products in the NRDL or PRDL, our potential revenue from the sales of these products could still decrease as a result of the significantly lowered prices we may be required to charge for our products to be included in the NRDL or PRDL.

See also "— Risks Relating to Our Business — Risks Relating to Extensive Government Regulation — Even if we are able to commercialize any approved drug candidates, the drugs may become subject to national or other third-party reimbursement practices or unfavorable pricing regulations, which could harm our business."

We face substantial competition, which may result in others discovering, developing or commercializing competing drugs before or more successfully than we do, especially in the market of biosimilar and generic drugs.

The development and commercialization of new drugs, especially biosimilar and generic drugs, is highly competitive. We face competition from major pharmaceutical companies, specialty 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 cancer or other indications for which we are developing our drug candidates. For example, as of the Latest Practicable Date, there were two NDA of bevacizumab biosimilar drug candidates under the NMPA's review and ten bevacizumab biosimilar drug candidates undergoing Phase III clinical trials other than TAB008, our Core Product. Some of these competitors have better resources and expertise than us. 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. In addition, if we do not successfully introduce new competitive drugs in a timely manner, or if our competitors develop products with the same indication as ours before we are able to do so, or if prices of reference drugs to which our biosimilar drug candidates relate decrease, we could face significant pricing pressure on our drugs or find it commercially unfeasible to even bring such drugs to market, which in turn would result in us being unable to generate our target profits for such drugs, if at all, and render us unable to recover our investment.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize drugs that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than any drugs that we may develop or commercialize. Our competitors also may obtain approval from the NMPA 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 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 and activities.

Risks Relating to Extensive Government Regulation

All material aspects of the research, development and commercialization of pharmaceutical products are heavily regulated. 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 conduct our pharmaceutical-industry activities regulate these activities in great depth and detail. We intend to focus our activities in the major markets of Greater China. These jurisdictions all strictly regulate the pharmaceutical industry, and in doing so the government authorities employ broadly similar regulatory strategies, including regulation of product development and approval, manufacturing, and 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 ours that plans to operate in each of these regions.

The process of obtaining regulatory approvals and compliance with appropriate laws and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable requirements at any time during the product development process, approval process, or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include 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. The failure to comply with these regulations could have a material adverse effect on our business.

The regulatory approval processes of regulatory authorities are lengthy, time-consuming and inherently unpredictable. If we are ultimately unable to obtain regulatory approval for our drug candidates, our business will be substantially harmed.

The time required to obtain approval by the NMPA and other comparable regulatory authorities is unpredictable but typically takes many years following the commencement of pre-clinical studies and clinical trials and depends on numerous factors, including the substantial discretion of the regulatory authorities.

Our drug candidates could fail to receive regulatory approval for many reasons, including:

- 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 that a biologic candidate 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 pre-clinical studies or clinical trials;
- changes in approval policies or regulations that render our pre-clinical and clinical data insufficient for approval or require us to amend our clinical trial protocols;

- regulatory requests for additional analyses, reports, data, nonclinical studies and clinical trials, or questions regarding interpretations of data and results and the emergence of new information regarding our drug candidates or other products;

- our 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.

The NMPA or a comparable regulatory authority may require more information, including additional pre-clinical or clinical data, to support approval, which may delay or prevent approval and our commercialization plans, or we may decide to abandon the development program.

Changes in regulatory requirements and guidance related to clinical trials may also occur, and we may need to amend clinical trial protocols submitted to applicable regulatory authorities to reflect these changes. Amendments may require us to resubmit clinical trial protocols to institutional review boards or ethics committees for re-examination, which may impact the costs, timing or successful completion of a clinical trial.

The policies of the NMPA and other regulatory authorities may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our drug candidates. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, in China or other countries. 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 lose any regulatory approval that we may have obtained and we may not achieve or sustain profitability.

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 delayed. 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.

Our failure to obtain or renew certain approvals, licenses, permits and certificates required for our business may materially and adversely affect our business, financial condition and results of operations.

Pursuant to the relevant laws and regulations, we are required to obtain and maintain various approvals, licenses, permits and certificates from relevant authorities to operate our business. Some of these approvals, permits, licenses and certificates are subject to periodic renewal and/or reassessment by the relevant authorities, and the standards of such renewal and/or reassessment may change from time to

time. Any failure to obtain or renew any approvals, licenses, permits and certificates necessary for our operations may result in enforcement actions, including orders issued by the relevant regulatory authorities causing operations to cease, and corrective measures requiring capital expenditure or remedial actions, which in the future could materially and adversely affect our business, financial condition and results of operations. We cannot assure you that the relevant authorities would not take any enforcement action against us. In the event that such enforcement action is taken, our business operations could be materially and adversely disrupted.

Furthermore, if the interpretation or implementation of existing laws and regulations changes or new regulations come into effect requiring us to obtain any additional approvals, permits, licenses or certificates that were previously not required to operate our existing businesses, we cannot assure you that we will successfully obtain such approvals, permits, licenses or certificates. In particular, with respect to the uncertainty in the interpretation or implementation of relevant PRC laws and regulations, see "— Risks Relating to Our Doing Business in the PRC and Taiwan — Risks Relating to the PRC — The pharmaceutical industry in China is highly regulated and such regulations are subject to change which may affect approval and commercialization of our drug candidates" and "— Risks Relating to Our Doing Business in the PRC and Taiwan — Risks Relating to the PRC — There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations". Our failure to obtain the additional approvals, permits, licenses or certificates may restrict the scope of our business, decrease our revenues and/or increase our costs, which could materially reduce our profitability and prospects.

Changes in government regulations or in practices relating to the pharmaceutical and biopharmaceutical industries, including healthcare reform in China, and compliance with new regulations may have a material adverse impact on our business, financial condition, results of operations and prospects.

The drug market is heavily regulated globally, including in China. 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 will 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 particular, under current Chinese regulatory requirements, to introduce a drug approved overseas to the China market, the drug must be registered as an imported drug in China, and additional PK study and/or confirmative clinical trials may be required. By engaging us, foreign pharmaceutical or biopharmaceutical companies will be able to conduct parallel drug research and development in China for both China and overseas markets simultaneously, thereby substantially reducing the time and cost required to introduce drugs to the China market. If China ever streamlines, expedites or simplifies such regulatory procedures, foreign pharmaceutical or biopharmaceutical companies' demand for collaboration partnerships with local partners like us may decrease, which would have a material adverse effect on our business, financial condition, results of operations and prospects.

Any of our future approved drug candidates will be subject to ongoing or additional regulatory obligations and continued regulatory review, which may result in significant additional expense and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our drug candidates.

Any of our future approved drug candidates will be subject to ongoing or additional regulatory requirements for manufacturing, labeling, packaging, storage, advertising, promotion, sampling,

record-keeping, conduct of post-marketing studies, and submission of safety, efficacy, and other post-market information, including both requirements of comparable regulatory authorities in China.

Manufacturers and manufacturing facilities are required to comply with the extensive requirements of the NMPA and comparable regulatory authorities ensuring that quality control and manufacturing procedures conform to cGMP regulations. As such, we will be subject to continual review and inspections to assess compliance with cGMP and adherence to commitments made in any NDA, other marketing application, and previous responses to any inspection observations if we were to build additional manufacturing facilities in the future. Accordingly, we and others with whom we work must continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production and quality control.

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 candidate. The NMPA or a comparable regulatory authority may also require a risk evaluation mitigation strategy program as a condition of approval of our drug candidates or following approval. In addition, if the NMPA or a comparable regulatory authority approves our drug candidates, we will have to comply with requirements, including, for example, submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with cGMP and GCP for any clinical trials that we conduct post-approval.

The NMPA and other regulatory authorities strictly regulate the marketing, labeling, advertising and promotion of products that are placed on the market. Drugs may be promoted only for their approved indications and for use in accordance with the provisions of the approved label. The NMPA and other regulatory authorities 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.

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

Our strategy to develop combination therapies depends on the safety and efficacy of each component drug within each combination therapy. If the NMPA or other 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. In addition, we may fail our commercialization effort because products that facilitate the use of our drug candidates incur safety, efficacy or availability issues. For example, there are currently no specific regulations on the companion diagnostic test used in conjunction with our drug candidates for patient identification in China. The lack of regulations presents uncertainties to our commercialization efforts and may have adverse effect on our business and results of operations.

Even if we are able to commercialize any approved drug candidates, the drugs may become subject to national or other third-party reimbursement practices or unfavorable pricing regulations, which could harm our business.

The regulations that govern regulatory approvals, pricing and reimbursement for new therapeutic products vary widely from country to country. In China and some markets outside China, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we might obtain regulatory approval for a drug in a particular country, but then be subject to price regulations that delay our commercial launch of the drug and negatively impact our revenues. Adverse pricing limitations may hinder our ability to recoup our investment in one or more drug candidates, even if our drug candidates obtain regulatory approval.

Our ability to commercialize any approved drug candidates successfully also 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. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which medication they will pay for and establish reimbursement levels. However, they may attempt to control costs by limiting coverage and the amount of reimbursement for particular medications.

A primary trend in the global healthcare industry is cost containment. Government authorities and these third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications.

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 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 payors and by any future weakening of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payors 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.

See also "— Risks Relating to Our Business — Risks Relating to the Development of Biosimilar and Generic Drugs — Approved drug candidates, in particular generic drugs, may become subject to unfavorable pricing regulations in China, which could harm our business."

Adverse drug reactions and negative results from off-label use of our products could materially harm our business reputation, product brand name, 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 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 under off-label use and is prescribed in a patient population, dosage or dosage form that has not been approved by competent regulatory authorities. This occurrence may render our products less effective or entirely ineffective and may cause adverse drug reactions. Any of these occurrences can create negative publicity and significantly harm our business reputation, product brand name, commercial operations and financial condition, including the Company's share price. These occurrences may also expose us to liability and cause, or lead to, a delay in the progress of our clinical trials and may also ultimately result in failure to obtain regulatory approval for our drug candidates.

The illegal and/or parallel imports and counterfeit pharmaceutical products may reduce demand for our future approved drug candidates and could have a negative impact on our reputation and business.

The illegal importation of competing products from countries where government price controls or other market dynamics result in lower prices may adversely affect the demand for our future approved drug candidates and, in turn, may adversely affect our sales and profitability in China and other countries where we commercialize our products. Unapproved foreign imports of prescription drugs are illegal under current laws of China. However, illegal imports may continue to occur or even increase as the ability of patients to obtain these lower priced imports continues to grow. Furthermore, cross-border imports from lower-priced markets (parallel imports) into higher-priced markets could harm sales of our future drug candidates and exert commercial pressure on pricing within one or more markets. In addition, competent government authorities may expand consumers' ability to import lower priced versions of our future approved products or competing products from outside China or other countries where we operate. Any future legislation or regulations that increase consumer access to lower priced medicines from outside China or other countries where we operate could have a material adverse effect on our business.

Certain products distributed or sold in the pharmaceutical market may be manufactured without proper licenses or approvals, or are fraudulently mislabeled with respect to their content or manufacturers. These products are generally referred to as counterfeit pharmaceutical products. The counterfeit pharmaceutical product control and enforcement system, particularly in developing markets such as China, may be inadequate to discourage or eliminate the manufacturing and sale of counterfeit pharmaceutical products imitating our products. Since counterfeit pharmaceutical products in many cases have very similar appearances compared with the authentic pharmaceutical products but are generally sold at lower prices, counterfeits of our products can quickly erode the demand for our future approved drug candidates. Our reputation and business could suffer harm as a result of counterfeit pharmaceutical products sold under our or our collaborators' brand name(s). In addition, thefts of inventory at warehouses, plants or while in-transit, which are not properly stored and which are sold through unauthorized channels, could adversely impact patient safety, our reputation and our business.

We may be exposed to risks related to our management of the medical data of subjects enrolled in our clinical trials.

Our clinical trials routinely collect and maintain medical data treatment records and other personal details of enrolled subjects. Laws and regulations of the various jurisdictions in which we conduct our clinical to protect the privacy of their enrolled subjects and prohibit unauthorized disclosure of personal information. Such institutions and personnel will be liable for damage caused by divulging the subjects' private or medical records without consent. We have taken measures to maintain the confidentiality of the medical records and personal data of subjects enrolled in our clinical trials, including encrypting such

information in our information technology system so that it cannot be viewed without proper authorization, and setting internal rules requiring our employees to maintain the confidentiality of our subjects' medical records. However, these measures may not be always effective. For example, our information technology systems could be breached through hacking activities, and personal information could be leaked due to theft or misuse of personal information arising from misconduct or negligence. 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. 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 to protect the confidentiality of subjects' medical records and personal data, or any restriction on or liability as a result of, our use of medical data, could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to Commercialization of Our Drugs and Drug Candidates

If we are not able to obtain, or experience delays in obtaining, required regulatory approvals, we will not be able to commercialize our drug candidates, and our ability to generate revenue will be materially impaired.

Before obtaining regulatory approvals for the commercial sale of any drug candidate for a target indication, we must demonstrate in pre-clinical studies and well-controlled clinical trials, and, with respect to approval in China, to the satisfaction of the NMPA, that the drug candidate is safe and effective for use for that target indication and that the manufacturing facilities, processes and controls are adequate. In addition to pre-clinical and clinical data, the NDA must include significant information regarding the chemistry, manufacturing and controls for the drug candidate. Obtaining approval of an NDA is a lengthy, expensive and uncertain process, and approval may not be obtained. If we submit an NDA to the NMPA, the NMPA decides whether to accept or reject the submission for filing. We cannot be certain that any submissions will be accepted for filing and review by the NMPA.

We have limited experience in filing for regulatory approval for our drug candidates, and we have not yet demonstrated ability to receive regulatory approval for our drug candidates. So far we have not independently submitted NDA. As a result, our ability to successfully submit any NDA, and obtain regulatory approval for our drug candidates may involve more inherent risk, take longer, and cost more than it would if we were a company with experience in obtaining regulatory approvals.

Regulatory authorities outside of China also have requirements for approval of drugs for commercial sale with which we must comply prior to marketing in those areas. Regulatory requirements and approval processes can vary widely from country to country and could delay or prevent the introduction of our drug candidates. Clinical trials conducted in one country may not be accepted by regulatory authorities in other countries, and obtaining regulatory approval in one country does not mean that regulatory approval will be obtained in any other country. Seeking foreign regulatory approval could require additional non-clinical studies or clinical trials, which could be costly and time- consuming. The foreign regulatory approval process may include all of the risks associated with obtaining NMPA approval. For all of these reasons, we may not obtain foreign regulatory approvals on a timely basis, if at all.

The process to develop, obtain regulatory approval for and commercialize drug candidates is long, complex and costly both inside and outside China, and approval is never guaranteed. Following any approval for commercial sale of our drug candidates, certain changes to the drug, such as changes in manufacturing processes and additional labeling claims, may be subject to additional review and approval by the NMPA and other comparable regulatory authorities. Also, regulatory approval for any of our drug candidates may be withdrawn. If we are unable to obtain regulatory approval for our drug candidates in one or more jurisdictions, or any approval contains significant limitations, our target market will be reduced and our ability to realize the full market potential of our drug candidates will be harmed. Furthermore, we may not be able to obtain sufficient funding or generate sufficient revenue and cash flows to continue the development of any other drug candidate in the future.

Our future approved drug candidates may fail to achieve the degree of market acceptance by physicians, patients, third-party payors and others in the medical community necessary for commercial success.

Our future approved drug candidates may fail to gain sufficient market acceptance by physicians, patients, third-party payors and others in the medical community. For example, current cancer treatments like chemotherapy and radiation therapy are well established in the medical community, and doctors may continue to rely on these treatments to the exclusion of our drug candidates that are in clinical trials for the same or similar cancer indications. In addition, physicians, patients and third-party payors may prefer other novel products to ours. The degree of market acceptance of our drug candidates, if approved for commercial sale, will depend on a number of factors, including:

- the clinical indications for which our drug candidates are approved;
- physicians, hospitals, cancer 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 labeling or product insert requirements of regulatory authorities;
- limitations or warnings contained in the labeling 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, reimbursement and pricing by third-party payors and government authorities;
- the willingness of patients to pay out-of-pocket in the absence of coverage and reimbursement by third-party payors and government authorities; and
- the effectiveness of our sales and marketing efforts.

If any approved drug candidates that we commercialize fail to achieve market acceptance in the medical community, we will not be able to generate significant revenue. Even if our future approved drug candidates achieve market acceptance, we may not be able to maintain that 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.

We have no experience in manufacturing our drug candidates on a large commercial scale, which is a highly exacting and complex process, and have not yet begun utilizing our manufacturing facilities for commercial purposes.

In 2018, we completed the construction of our Suzhou Production Center comprising two campuses. We rely on our Suzhou Production Center to support clinical and, eventually, commercial production of our drug candidates. However, as we have not yet received regulatory approval for any of our drug candidates, we have not attained any experience in large-scale production of our drugs for commercial use, and cannot assure you that we ever will. Moreover, the manufacture of biologics is a highly exacting and complex process, due in part to strict regulatory requirements. If problems arise in the course of producing a batch of product, that batch may need to be discarded, which would result in additional expenses and may also lead to product shortages. If problems are not discovered before the product reaches the market, recall and product liability costs may also be incurred.

In the course of production, we may also face various other challenges such as, but not limited to:

- longer than expected lead up times to commence or ramp up production;
- failure to obtain sufficient work orders to efficiently utilize the full manufacturing capacity of the facility;
- supply shortages that prevent us from scaling up production;
- excess supplies that may expire and be written off; and
- lower-than-expected success rate of manufacturing products that meet regulatory requirements or our quality standards.

We cannot assure you that we will be able to resolve such issues if they arise in a cost-effective and timely manner.

In addition, the NMPA and other regulatory authorities require our drug candidates and any products that we may eventually commercialize to be manufactured according to GMP standards, which we may not be able to achieve or maintain, in which case such regulators may issue a warning against us or order us to take corrective measures within a time limit. Where no corrective measures have been taken when the time limit has passed, such regulators may order us to suspend production or operations pending rectification and pay a fine between RMB5,000 and RMB20,000. In serious cases, the drug production licence, drug-trading licence and qualifications as a clinical drug-testing body may be revoked.

Furthermore, because of the complex nature of our drug candidates, we may not be able to manufacture them at a cost or in quantities or in a timely manner necessary to make commercially successful products. In addition, our demand for manufacturing capacity for clinical study and

commercial use is expected to grow along with the progression of the development of our existing pipeline and research and development of new drug candidates. Any failure to satisfy our research & development needs or negative developments in respect of the above could have a material adverse effect on our business, financial condition and results of operations.

We have limited experience in marketing drugs. If we are unable to develop sufficient capabilities to market and sell our drug candidates, we may not be able to generate product sales revenue.

We have limited experience in selling and marketing drug candidates. We have been marketing S-1, an oncology drug of Taiho Pharmaceutical, in China since 2011. We expect to continue to build our salesforce in China to market this drug and our drug candidates, in the event they receive commercial approval, and any additional drugs or drug candidates that we may in-license, which will require significant capital expenditures, management resources and time. Moreover, we have not yet demonstrated an ability to launch and commercialize any of our self-developed drug candidates. For example, we do not have experience in conducting a comprehensive market analysis, obtaining licenses and reimbursement, or managing distributors and a sales force for our self-developed drug candidates. As a result, our ability to successfully commercialize our self-developed drug candidates may involve more inherent risk, take longer and cost more than it would if we were a company with experience launching drug candidates.

To further strengthen our commercialization capability for TAB008 and other drug candidates, we will continue to expand our sales and marketing team, and expect to reach approximately 250 to 300 after we commercialize TAB008. In addition, we will continue to expand the coverage of our sales and marketing team into certain coastal areas in China. However, we will have to compete with other pharmaceutical and biopharmaceutical companies to recruit, hire, train and retain marketing and sales personnel. Also, due to the nature of our drug candidates, we will need to train our sales and marketing team to be specialized in cancer treatments, which requires significant training efforts and further intensifies competition for qualified sales representatives. If we are unable to, or decide not to, further develop internal sales, marketing and commercial distribution capabilities for any or all of our drugs, we will likely pursue collaborative arrangements regarding the sales and marketing of our drugs. However, we cannot assure you that we will be able to establish or maintain such collaborative arrangements, or if we are able to do so, that they will have effective sales forces. For example, if we fail to meet the minimum sales or purchase amount under certain agreements with our business partners, the relevant business partner may terminate the agreement with us by prior written notice or forfeit our deposit. 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 drugs ourselves. We also face competition in our search for third parties to assist us with the sales and marketing efforts for our drugs.

We cannot assure that we will be able to grow and maintain our in-house sales and commercial distribution capabilities or establish or maintain collaboration with third parties to commercialize any product, and as a result, we may not be able to generate revenue from sales of self-developed product or increase our revenue from sales of our in-licensed drug product.

The market opportunities for our drug candidates and in-licensed drug may be limited to those patients who are ineligible for or have failed prior treatments and may be small.

Our projections of the number of people who have the diseases we are targeting and who have the potential to benefit from treatment with our drug candidates and our in-licensed drug are based on our

beliefs and estimates. These estimates have been derived from a variety of sources, including scientific literature, surveys of clinics, patient foundations or market research and may prove to be incorrect. Further, new studies may change the estimated incidence or prevalence of these cancers. Additionally, the potentially addressable patient population for our drug candidates and in-licensed drug may be limited or may not be amenable to treatment with them. Even if we obtain significant market share for our drug candidates, because the potential target populations are small, we may never achieve profitability without obtaining regulatory approval for additional indications.

Risks Relating to Our Intellectual Property Rights

If we are unable to obtain and maintain patent protection for our drug candidates, primarily our novel drug candidates, through intellectual property rights, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us, and our ability to successfully commercialize any product or technology may be adversely affected.

Our success depends in large part on our ability to protect our proprietary technology and drug candidates, primarily our novel drug candidates, from competition by obtaining, maintaining, defending and enforcing our intellectual property rights, including patent rights. We seek to protect such drug candidates and technology that we consider commercially important by filing patent applications in China, the United States and other countries, relying on trade secrets or pharmaceutical regulatory protection or employing a combination of these methods. For further information on our patent portfolio, see "Business — Intellectual Property". If we or our licensors are unable to obtain or maintain patent protection with respect to such drug candidates and technologies, our business, financial condition, results of operations and prospects could be materially harmed. As of the Latest Practicable Date, we had one granted patent and five pending patent applications in relation to our Core Product.

The scope of patent protection in various jurisdictions is also uncertain. Changes in either the patent laws or their interpretation in China, the United States or other countries may diminish our ability to protect our inventions, obtain, maintain, defend, and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights. We cannot predict whether the patent applications we are currently pursuing and may pursue in the future will issue as patents in any particular jurisdiction or whether the claims of any future issued patents will provide sufficient protection from competitors.

The patent prosecution process is expensive, time-consuming and complex, and we may not be able to file, prosecute, maintain, enforce or license all necessary or desirable patent applications at a reasonable cost or in a timely manner in all desirable territories. As a result, we may not be able to prevent competitors from developing and commercializing competitive drugs in all such fields and territories. Additionally, our pending patent applications may not be approved. See "— A portion of our intellectual property portfolio comprises pending patent applications that have not yet been issued as granted patents, and if our pending patent applications fail to receive approval, our business will be adversely affected". It is also possible that we will fail to identify patentable aspects of our research and development output in time to obtain patent protection.

The issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain. The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Even if patent applications we license or own

currently or in the future issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. Any patents that we hold or in-license may be challenged, narrowed, circumvented, or invalidated by third parties. The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our patent rights may be challenged in the courts or governmental patent agencies in China, the United States and other countries. Consequently, we do not know whether any of our technology or drug candidates, especially novel drug candidates, will be protectable or remain protected by valid and enforceable patents. In addition, the patent position of pharmaceutical and biopharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years. See "— Our owned and in-licensed patents and other intellectual property may be subject to further priority disputes or to inventorship disputes and similar proceedings, which could have a material adverse impact on our business".

Although various extensions may be available, the life of a patent and the protection it affords, 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 governmental patent agency, 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. The pending patent applications, if issued, for our drug candidates are expected to expire on various dates as described in "Statutory and General Information — B. Further Information about Our Business — 2. Key Intellectual Property Rights of Our Group" in Appendix V to this prospectus. Upon the expiration of patents that may issue from our pending patent applications, 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. Our competitors or other third parties may also be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner. Moreover, we may co-own patents and patent applications with third parties in the future. If we are unable to obtain an exclusive license to any such third-party co-owners' interest in such patents or patent applications, such co-owners may be able to license their rights to other third parties, including our competitors, and our competitors could market competing products and technology. In addition, we may need the cooperation of any such co-owners of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us. See "— Intellectual property rights do not necessarily address all potential threats". Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

Our owned and in-licensed patents and other intellectual property may be subject to further priority disputes or to inventorship disputes and similar proceedings, which could have a material adverse impact on our business.

We or our licensors may be subject to claims that former employees, collaborators or other third parties have an interest in our owned or in-licensed patents or other intellectual property. If we or our

licensors are unsuccessful in any interference proceedings or other priority or validity disputes, including any patent oppositions, to which we or they are subject, we may lose valuable intellectual property rights through the loss of one or more patents owned or licensed or our owned or licensed patent claims may be narrowed, invalidated, or held unenforceable. In addition, if we or our licensors are unsuccessful in any inventorship disputes to which we or they are subject, we may lose valuable intellectual property rights, such as exclusive ownership of, or the exclusive right to use, our owned or in-licensed patents. If we or our licensors are unsuccessful in any interference proceeding or other priority or inventorship dispute, we may be required to obtain and maintain licenses from third parties, including parties involved in any such interference proceedings or other priority or inventorship disputes. Such licenses may not be available on commercially reasonable terms or at all, or may be non-exclusive. If we are unable to obtain and maintain such licenses, we may need to cease the development, manufacture, and commercialization of one or more of our drug candidates. The loss of exclusivity or the narrowing of our owned and licensed patent claims could limit our ability to stop others from using or commercializing similar or identical drug products. Any of the foregoing could result in a material adverse effect on our business, financial condition, results of operations, or prospects. Such proceedings may also result in substantial costs and require significant time from our scientists and management, even if the eventual outcome is favorable to us.

We may not be able to protect our intellectual property rights throughout the world or prevent unfair competition by third parties.

Filing, prosecuting, maintaining and defending patents on drug candidates in all countries throughout the world could be prohibitively expensive for us, and our intellectual property rights in certain countries can have a different scope and strength than do those in China. In addition, the laws of certain countries do not protect intellectual property rights to the same extent as the laws of China. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside China, or from selling or importing drugs made using our inventions in and into China or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own drugs and further, may export otherwise infringing drugs to certain jurisdictions where we have patent protection, but where enforcement rights are not as strong as those in China. These drugs may compete with our drug candidates and our patent rights or other intellectual property rights may not be effective or adequate to prevent them from competing.

We currently have trademark applications pending, any of which may be the subject of a governmental or third-party objection, which could prevent the registration of the same. 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 and trade dress 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.

Many companies have encountered significant problems in protecting and defending intellectual property rights in certain jurisdictions, including China. The legal systems of some countries do not favor the enforcement of patents, trade secrets and other intellectual property, particularly those relating to biopharmaceutical products, which could make it difficult in those jurisdictions for us to stop the infringement, misappropriation or other violation of our patents or other intellectual property rights, or

the marketing of competing drugs in violation of our proprietary rights. Proceedings to enforce our intellectual property and proprietary rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing, and could provoke third parties to assert claims against us.

We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Many countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we or any of our licensors is forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired, and our business, financial condition, results of operations, and prospects may be adversely affected.

As a result, we may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful. Patent rights relating to our drug candidates could be found invalid or unenforceable if challenged in court or before the State Intellectual Property Office (the "**SIPO**"), the United States Patent and Trademark Office (the "**USPTO**") or other comparable authorities.

A portion of our intellectual property portfolio comprises pending patent applications that have not yet been issued as granted patents, and if our pending patent applications fail to receive approval, our business will be adversely affected.

A portion of our intellectual property portfolio currently comprises pending patent applications that have not yet been issued as granted patents. Patent applications may not be granted 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. Specifically, publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States 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, recently, the United States 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. In addition, under the PRC patent law, any organization or individual that applies for a patent in a foreign country for an invention or utility model accomplished in China is required to report to the SIPO for confidentiality examination. Otherwise, if an application is later filed in China, the patent right will not be granted. Additionally, although we enter into non-disclosure and confidentiality agreements with parties who have access to confidential or patentable aspects of our research and development 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.

The patent application process is subject to numerous risks and uncertainties. We cannot assure you that any of our pending patent applications will result in issued patents, or even if issued, predict the breadth, validity and enforceability of the claims upheld in our and other companies' patents. If our pending patent applications fail to receive approval, the costs spent in the process and the unavailability of patent protections on our research and development output could result in adverse effects on our business, financial condition and results of operations.

If we are sued for infringing, misappropriating, or otherwise violating intellectual property rights of third parties or engaging in unfair competition, such litigation could be costly and time-consuming and could prevent or delay us from developing or commercializing our drug candidates.

Our commercial success depends in part on our and our collaborators' avoiding infringement, misappropriation, and other violations of the patents and other intellectual property rights of third parties. We are aware of numerous issued patents and pending patent applications belonging to third parties that exist in fields in which we are developing our drug candidates. There may also be third-party patents or patent applications of which we are currently unaware, and given the dynamic area in which we operate, additional patents are likely to issue that relate to aspects of our business. There is a substantial amount of litigation and other claims and proceedings involving patent and other intellectual property rights in the pharmaceutical and biopharmaceutical industries generally. As the pharmaceutical and biopharmaceutical industries expand and more patents are issued, the risk increases that our drug candidates may give rise to claims of infringement of the patent rights of others.

Third parties may assert that we are using technology in violation of their patent or other proprietary rights. We may also be subject to allegations by third parties of unfair competition, defamation or violation of their other rights. Defense of these claims, regardless of their merit, could involve substantial litigation expense and divert our technical personnel, management personnel, or both from their normal responsibilities. Even in the absence of litigation, we may seek to obtain licenses from third parties to avoid the risks of litigation, and if a license is available, it could impose costly royalty and other fees and expenses on us.

Even if we believe third-party intellectual property claims are without merit, we cannot assure you that a court would find in our favor on questions of infringement, validity, enforceability, or priority and it could materially and adversely affect our ability to develop and commercialize any of our drug candidates and any other drug candidates covered by the asserted third party patents.

If third parties bring successful claims against us for infringement, misappropriation, or other violations of their intellectual property rights, we may be subject to injunctive or other equitable relief, which could prevent us from developing and commercializing one or more of our drug candidates. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from our business. In the event of a successful claim against us of infringement, misappropriation, or other violation of intellectual property, or a settlement by us of any such claims, we may have to pay substantial damages, which we may not be able to be indemnified by our licensing partners. In the event of an adverse result in any such litigation, or even in the absence of litigation, we may need to obtain licenses from third parties to advance our research or allow commercialization of our drug candidates. Any such license might not be available on reasonable terms or at all. 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, and it could require us to make substantial licensing and royalty payments. In the event that we are unable to obtain such a

license, we would be unable to further develop and commercialize one or more of our drug candidates, which could harm our business significantly. We may also elect to enter into license agreements in order to settle patent and other intellectual property infringement claims or to resolve disputes prior to litigation, and any such license agreements may require us to pay royalties and other fees that could significantly harm our business.

Even if litigation or other proceedings are resolved in our favor, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the market price of our shares. Such litigations or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document 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 governmental patent agencies in several stages over the lifetime of a patent. The governmental patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process. We are also dependent on our licensors to take the necessary action to comply with these requirements with respect to our licensed intellectual property. 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.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

We rely on trade secret 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 this trade secret and confidential information, in part, by entering into non-disclosure and confidentiality agreements with parties that have access to them, such as our employees, corporate collaborators, outside scientific collaborators, sponsored researchers, contract manufacturers, consultants, advisors and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants. However, any of these parties may breach such agreements and disclose our proprietary information, and we may not be able to obtain adequate remedies for such breaches. We are also unable to guarantee that we have entered into such agreements with each party that may have or have 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.

We may be subject to claims that our employees, consultants, or advisors have wrongfully used or disclosed alleged trade secrets of their former employers or claims asserting ownership of what we regard as our own intellectual property.

Although we try to ensure that our employees 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 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 or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

Confidentiality agreements with employees and third parties may not prevent unauthorized disclosure of trade secrets and other proprietary information.

We rely on employee and third-party confidentiality agreements to safeguard our intellectual property, such as trade secrets, know-how and other proprietary information. In the course of our research and development activities and our business activities, we often rely on confidentiality agreements to protect our proprietary information. Such confidentiality agreements are used, for example, when we collaborated with CROs or potential strategic partners. In addition, each of our employees is required to sign a confidentiality agreement and invention assignment agreement upon joining our company. We take steps to protect our proprietary information, and our confidentiality agreements and invention assignment agreements are carefully drafted to protect our proprietary interests. Nevertheless, there can be no guarantee that an employee or a third party will not make an unauthorized disclosure of our proprietary confidential information. This might happen intentionally or inadvertently. It is possible that a competitor will make use of such information, and that our competitive position will be compromised, in spite of any legal action we might take against persons making such unauthorized disclosures. In addition, to the extent that our employees, consultants or contractors use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Trade secrets are difficult to protect. Although we use reasonable efforts to protect our trade secrets, our employees, consultants, contractors or business partners might intentionally or inadvertently disclose our trade secret information to competitors or our trade secrets may otherwise be misappropriated. Enforcing a claim that a third party illegally obtained and is using any of our trade secrets is expensive and time consuming, and the outcome is unpredictable.

We sometimes engage individuals or research institutions to conduct research relevant to our business. The ability of these individuals or research institutions to publish or otherwise publicly disclose data and other information generated during the course of their research is subject to certain contractual limitations. These contractual provisions may be insufficient or inadequate to protect our confidential information. If we do not apply for patent protection prior to such publication, or if we cannot otherwise maintain the confidentiality of our proprietary technology and other confidential information, then our ability to obtain patent protection or to protect our trade secret information may be jeopardized, which could adversely affect our business.

We may not be successful in obtaining or maintaining necessary rights for our development pipeline through acquisitions and in-licenses.

Because our programs may involve additional drug candidates that may require the use of proprietary rights held by third parties, the growth of our business may depend in part on our ability to acquire and maintain licenses or other rights to use these proprietary rights. We may be unable to acquire or in-license any compositions, methods of use, or other intellectual property rights from third parties that we identify. The licensing and acquisition of third-party intellectual property rights is a competitive area, and a number of more established companies are also pursuing strategies to license or acquire third-party intellectual property rights that we may consider attractive or necessary. These established companies may have a competitive advantage over us due to their size, cash resources and greater clinical development and commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to license or acquire third party intellectual property rights on terms that would allow us to make an appropriate return on our investment or at all. If we are unable to successfully obtain rights to required third-party intellectual property rights or maintain the existing intellectual property rights we have, we may have to abandon development of the relevant program or drug candidate, which could have a material adverse effect on our business, financial condition, results of operations and prospects for growth.

If we fail to comply with our obligations in the agreements under which we license intellectual property rights from third parties or otherwise experience disruptions to our business relationships with our licensors, we could be required to pay monetary damages or could lose license rights that are important to our business.

We have entered into license agreements with third parties providing us with rights under various third-party patents and patent applications. These license agreements impose diligence, development or commercialization timelines and milestone payment, royalty, insurance and other obligations on us. If we fail to comply with our obligations under our current or future license agreements, our counterparties may have the right to terminate these agreements, in which event we might not be able to develop, manufacture or market any drug or drug candidate that is covered by the licenses provided for under these agreements or we may face claims for monetary damages or other penalties under these agreements. Such an occurrence could diminish the value of these products and our company. Termination of the licenses provided for under these agreements or reduction or elimination of our rights under these agreements may result in our having to negotiate new or reinstated agreements with less favorable terms, or cause us to lose our rights under these agreements, including our rights to important intellectual property or technology.

In addition, the agreements under which we license intellectual property or technology from third parties are complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement, either of which could have a material adverse effect on our business, financial condition, results of operations, and prospects. Moreover, if disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on commercially acceptable terms, we may be unable to successfully develop and commercialize the affected drug candidates, which could have a material adverse effect on our business, financial conditions, results of operations, and prospects.

Intellectual property rights do not necessarily address all potential threats.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business or permit us to maintain our competitive advantage. For example:

- others may be able to make products that are similar to any drug candidates we may develop or utilize similar technology that are not covered by the claims of the patents that we own or license now or in the future;

- we, or our license partners or current or future collaborators, might not have been the first to make the inventions covered by the issued patent or pending patent application that we license or may own in the future;

- we, or our license partners or current or future collaborators, might not have been the first to file patent applications covering certain of our or their inventions;

- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing, misappropriating or otherwise violating our owned or licensed intellectual property rights;

- it is possible that our pending licensed patent applications or those that we may own in the future will not lead to issued patents;

- patents that may be issued from our pending patent applications that we hold rights to may be held invalid or unenforceable, including as a result of legal challenges by our competitors;

- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;

- we may not develop additional proprietary technologies that are patentable;

- the patents of others may harm our business; and

- we may choose not to file a patent for certain trade secrets or know-how, and a third party may subsequently file a patent covering such intellectual property.

Should any of these events occur, they could have a material adverse effect on our business, financial condition, results of operations and prospects.

Risks Relating to Our Reliance on Third Parties

We rely on third parties to conduct our pre-clinical studies and clinical trials and we must work effectively with collaborators to develop our drug candidates. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our drug candidates and our business could be substantially harmed.

We have relied upon and plan to continue to rely upon third-party CROs to generate, monitor or manage data for our ongoing pre-clinical and clinical trials. We rely on these parties for execution of our pre-clinical studies and clinical trials. Specifically, we engage CROs in pre-clinical development for their services, including cell line construction, virus clearance validation, biacore, pharmacokinetics studies and toxilogical studies, among others. We also rely on CROs in clinical trials to the extent of leveraging their network of staff located at hospital sites, familiarity with hospital IRB procedures, network of investigators as well as capability of assisting us in accelerated patient enrollment and clinical trial execution according to GCP standards. For further details of our collaboration with CROs, see "Business — Research and Development — Collaboration with CROs". However, we may not be able to control their commitment to our studies or certain aspects of their activities. Outsourcing these functions involves the risk that third parties may not perform according to our standards, may not produce results in a timely manner or may fail to perform at all. There is also a risk that the quality control and quality assurance procedures as well as the standard operating procedures of these third parties may not be complete or updated at all times. 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 reliance on the third parties does not relieve us of our regulatory responsibilities. While we, our CROs for our clinical trials and our clinical investigators are required to comply with GCPs, which are regulations and guidelines enforced by the NMPA for all of our drugs in clinical development, we may inadvertently fail to comply with applicable GCPs. If we or any of our CROs or clinical investigators fail to comply with applicable GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the NMPA 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 cGMP 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 terminate, we may not be able to enter into arrangements with alternative CROs or to do so on commercially reasonable terms. This may result in us having difficulty bridging the work gap on time and on budget. Even if we are able to engage proper alternatives, switching to a new CRO may increase our cost and result in delays. In addition, our CROs are not our employees, and except for remedies available to us under our agreements with such CROs, we cannot control whether or not they devote sufficient time and resources to our ongoing pre-clinical and clinical trials. If CROs 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 revenues could be delayed.

Switching or adding CROs involves additional cost and delays, which can materially influence our ability to meet our desired clinical development timelines. There can be no assurance that we will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse effect on our business, financial condition and prospects. Our future revenues are dependent on our ability to work effectively with collaborators to develop our drug candidates, including obtaining 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 research and development 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 control our collaborators; 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 breach or terminate 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 and may form or seek collaborations in the future, and we may not realize the benefits of such collaborations.

As we operate an open platform business model, we enter into various collaborations arrangements from time to time. See "Business — Collaboration with Strategic Business Partners" for details. Any of these relationships may require us to incur non-recurring and other charges, increase our near and long-term expenditures, or disrupt our management and business.

We face significant competition in seeking appropriate strategic partners and the negotiation process is time-consuming and complex. Moreover, we may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for our drug candidates because they may be deemed to be at too early of 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 or commercial viability. If and when we collaborate with a third party for development and commercialization of a drug candidate, we can expect to relinquish some or all of the control over the future success of that drug candidate to the third party. For any drug candidates that we may seek to in-license from third parties, we may face significant competition from other pharmaceutical or biopharmaceutical companies with greater resources or capabilities than us, and any agreement that we do enter into may not result in the anticipated benefits.

Further, collaborations involving our drug candidates are subject to numerous risks, which may include the following:

- collaborators have significant discretion in determining the efforts and resources that they will apply to a collaboration;

- collaborators may not pursue development and commercialization of our drug candidates or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in their strategic focus due to the 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, stop a clinical trial, abandon a drug candidate, 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;

- a collaborator with marketing and distribution rights to one or more of our drug candidates may not commit sufficient resources to their marketing and distribution;

- collaborators 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;

- disputes may arise between us and a collaborator that cause the 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;

- collaborations may be terminated and, if terminated, may result in a need for additional capital to pursue further development or commercialization of the applicable drug candidates; and

- collaborators may own or co-own intellectual property covering our drug candidates that results from our collaborating with them, and in such cases, we may not have the exclusive right to commercialize such intellectual property.

As a result, we may not be able to realize the benefit of current or future collaborations, strategic partnerships or the license of our third-party drugs if we are unable to successfully integrate such products with our existing operations and company culture, which could delay our timelines or otherwise adversely affect our business. We also cannot be certain that, following a strategic transaction or license, we will 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. If we fail to enter into collaborations and do not have sufficient funds or expertise to undertake the necessary development and commercialization activities, we may not be able to further develop our drug candidates or bring them to market and generate product sales revenue, which would harm our business prospects, financial condition and results of operations.

We depend on a stable and adequate supply of quality materials and equipment for research and development and manufacturing, 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 cell culture media and other materials needed for research and development purposes. In 2017, 2018 and the four months ended April 30, 2019, the research and development materials and consumables amounted to RMB11.4 million, RMB13.6 million and RMB9.2 million, respectively. In addition, we used raw materials for our CDMO and CMO services amounting to RMB0.4 million, RMB0.4 million and RMB0.2 million in 2017, 2018 and the four months ended April 30, 2019, respectively. We utilize advanced technologies in our research and development and manufacturing processes and rely on well-known suppliers in the pharmaceutical industry for our procurement needs, in particular for fermenters and filling machines. 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 and services 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.

In addition, any significant disruption in our supplier relationships could harm our business. For example, we require a stable supply of materials for our drug candidates in the course of our research and development activities, and such needs are expected to increase significantly once we enter commercial production of drugs upon receipt of marketing approval. 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, as applicable. Our suppliers may not be able to cater to our growing demands or may reduce or cease their supply of materials to us at any time. In addition, we cannot assure you that our suppliers have obtained and will be able to renew all licenses, permits and approvals necessary for their operations or comply with all applicable laws and regulations, and their failure to do so may lead to interruption in their business operation, which in turn may result in short supply of materials we need. Furthermore, some of our suppliers are based overseas and may need to maintain export or import licenses to continue supplying to us. Any interruption in our supply of materials due to any of the above or for any other reason would force us to procure supplies from replacement suppliers, which may not be available to us on commercially favorable terms or at all. This in turn could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to successfully license-in new drug candidates, or license-out our existing drug candidates.

From time to time, we may seek to license-in or license-out drug candidates. We license-in promising drugs or drug candidates to expand our existing portfolio. For example, we licensed in TOM218, a megestrol acetate oral suspension product, in 2018 for the marketing and distribution of this product. We cannot assure you that if we decide to license-in other drug candidates in the future, we will be successful in identifying favorable candidates or that the prospective licensor would agree to license such products to us at favorable commercial terms or at all. Even if we are able to license-in the drugs or drug candidates that we target, we cannot assure you that the products will be successfully commercialized.

Conversely, we may license-out our existing drug candidates to other drug developers in line with our drug development strategy and to generate revenue and cash flow from licensing fees and royalties. For example, we licensed-out the right of commercialization in China, Hong Kong and Macau of

TAB014, a bevacizumab-based drug for treatment of wAMD, in 2017. We cannot assure you that if we decide to license-out other drug candidates in the future, we will successfully be able to do so, or that any such partner will be able to successfully develop or commercialize products licensed from us, which in turn could adversely affect the licensing fees that we may receive from such arrangement. If we are unable to successfully identify a licensee partner for a particular drug candidate and are not able to further develop such drug candidate in-house, we may not be able to recover our investment in that product.

Even after we successfully license-in or license-out drug candidates, we cannot assure you that our licensors or licensees will not breach the relevant license agreements, whether inadvertently or otherwise. Alternatively, our licensors or licensees might conclude that we have materially breached our license agreements. In either case, the license agreements may be terminated, thereby removing our ability to develop and commercialize the drug candidates we licensed-in or generate licensing fees and royalties from the drug candidates we licensed out.

We may be restricted from transferring our scientific data abroad.

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, enterprises in China must seek governmental approval before any scientific data involving a state secret may be transferred abroad or to foreign parties. Further, any researcher conducting research funded at least in part by the Chinese government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be published in any foreign academic journal. Given the term state secret is not clearly defined, if and to the extent our research and development of drug candidates will be subject to the Scientific Data Measures and any subsequent laws as required by the relevant government authorities, we cannot assure you that we can always obtain relevant approvals for sending scientific data (such as the results of our pre-clinical studies or clinical trials conducted within China) abroad or to our foreign partners in China. If we are unable to obtain necessary approvals in a timely manner, or at all, our research and development of drug candidates may be hindered, which may materially and adversely affect our business, results of operations, financial conditions 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 fines and other administrative penalties imposed by those government authorities.

RISKS RELATING TO OUR OPERATIONS

Our success depends on the ability to retain our research and development, manufacturing, clinical trial and sales and marketing team and other key executives, and to attract, train, retain and motivate qualified and highly skilled personnel.

Our success depends on our research and development capability, in particular certain key research and development personnel as a team, including Dr. Liu, Jun, our vice general manager and chief scientific officer, Mr. Liu, Donglian, our vice general manager, Dr. Liu, Ming, our vice general manager and chief medical officer, Mr. Chen, Xiaobao, senior director of the chemical drug business, and the other principal members of our management and scientific teams. 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. We do not maintain "key person insurance" for any of our executives or other employees. The loss of the services of any of these persons could impede the achievement of our research, development and commercialization objectives.

To induce valuable employees to remain at our Company, 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 market price of our Shares that are beyond our control, and may at any time be insufficient to counteract more lucrative offers from other companies. In addition, we may retain our former key research and development personnel as advisors to continue to provide services to our projects. For example, Dr. Liang, Min, a former Director and executive vice general manager and the leader of the development of TVP211, left our Group in March 2019 and was retained by our Group as an external consultant to continue to give advice on the development of TVP211. The early- stage discovery of TVP211 was completed in 2014, and the project was then transferred to our biologics development and trial production team led by Mr. Liu, Donglian for laboratory-scale production. As a result, the departure of Dr. Liang, Min does not have a direct impact on our continuing development of TVP211. However, if we want to develop new oncolytic virus-based drug candidates, our capability may be limited, in which case we may need to recruit additional research and development personnel with the relevant expertise or seek in-license opportunities.

Recruiting and retaining qualified scientific, technical, clinical, and manufacturing and 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. 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.

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 have significantly increased the size and capabilities of our organization, and we may experience difficulties in managing our growth.

We had 325 employees as of the Latest Practicable Date. 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 additional responsibilities on members of management, including:

- identifying, recruiting, integrating, maintaining, and motivating additional employees;
- 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.

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, and 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.

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.

If we engage in acquisitions or strategic partnerships, this may increase our capital requirements, dilute 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 establishing joint ventures, 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 and/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 issue dilutive securities, assume or incur debt obligations, incur large one-time expenses and acquire intangible assets that could result in significant future amortization expense.

PRC regulations and rules concerning mergers and acquisitions, including the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (the "**M&A Rules**") and other recently adopted regulations and rules with respect to mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. For example, the M&A Rules require that the Ministry of Commerce of China (the "**MOFCOM**") be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. Moreover, according to the Anti-Monopoly Law of PRC and the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings 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 notified in advance to the anti-monopoly authority of the State Council when the threshold is crossed and such concentration shall not be implemented without the clearance of prior notification. In addition, the Regulations on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprise by Foreign Lenders, or the Security Review Rules, issued by the MOFCOM specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire the de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review by structuring the transaction through, among other things, trusts, entrustment or contractual control arrangements. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval and filing processes, including obtaining approval or filings from the MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises "national defense and security" or "national security" concerns. However, the MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in China, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

If we fail to comply with applicable anti-bribery and anti-corruption 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 the anti-bribery and anti-corruption laws in China. Applicable anti-bribery and anti-corruption laws are expected to impose a broader impact on our operations along with our business expansion. The healthcare sector in China generally poses elevated risks of violations of anti-bribery and anti-corruption laws, particularly in the context of improper payments to facilitate improved outcomes in research studies or drug supply negotiations, as well as securing sales opportunities at hospitals and other medical institutions. The PRC government has implemented various anti-bribery and anti-corruption regulations to address and mitigate such practices, including requiring market participants to adopt internal controls and risk management measures addressing bribery and corruption risks and undergo periodic inspections from relevant authorities as to their anti-bribery and anti-corruption status. We cannot assure you that our researchers, marketing and sales personnel and other staff, as well as third parties that we collaborate with, such as CROs, hospitals and medical professionals, will fully comply with anti-bribery and anti-corruption regulations at all times, or that we or they will be able to detect and identify all instances of improper practices in respect of our clinical trials and other parts of our business. Our procedures and controls to monitor anti-bribery and anti-corruption compliance may fail to protect us from reckless or criminal acts committed by our employees or agents. Any failure to comply with applicable anti-bribery and anti-corruption laws, due to either our own deliberate or inadvertent acts or those of others, could harm our reputation and subject us to criminal or civil penalties, other sanctions and/or significant expenses, which could have a material adverse effect on our business, including our financial condition, results of operations, cash flows and prospects.

If our employees engage in bribery or corrupt practices or other improper conduct, we may be subject to liability and our reputation and business could be harmed. Additionally, any challenges to or investigations into our practices under these laws could generate negative publicity and could be costly to respond to, and thus could harm our business.

We could be liable for actions taken by our employees that violate anti-bribery, anti-corruption and other related laws and regulations in China or other countries. The government authorities may seize the products involved in any illegal or improper conduct engaged in by our employees. We may be subject to claims, fines or suspension of our operations. Our brand and reputation, our sales activities or the price of our Shares could be adversely affected if the Group is associated with any negative publicity as a result of illegal or improper actions, or allegations of illegal or improper actions, taken by our employees.

It is also possible that the PRC government could adopt new or different regulations affecting the way in which pharmaceuticals are sold to address bribery, corruption or other concerns. Although we are not aware of any such new or different regulations in this regard being adopted in China and other countries, any such new or different regulations could possibly increase the costs incurred by us in promoting pharmaceuticals or impose restrictions on sales and marketing activities, which could in turn increase our costs and adverse affect our business, financial condition and results of operations.

If we fail to effectively manage our anticipated growth or execute our growth strategies, our business, financial condition, results of operations and prospects could suffer.

Our growth strategies include, among other things, rapidly advancing our clinical trials for drug candidates and strengthening our in-house sales and marketing force and commercial-scale

manufacturing capacities. For more information, see "Business — Our Strategies". Pursuing our growth strategies has resulted in, and will continue to result in, substantial demands on capital and other resources. In addition, managing our growth and executing on our growth strategies will require, among other things, our ability to continue to innovate and develop advanced technology in the highly competitive global and PRC biopharmaceutical market, effective coordination and integration of our facilities and teams across different areas, successful hiring and training of personnel, effective cost control, sufficient liquidity, effective and efficient financial and management control, effective quality control, and management of our suppliers to leverage our purchasing power. Any failure to execute on our growth strategies or realize our anticipated growth could adversely affect our business, financial condition, results of operations and prospects.

Our internal computer systems, or those used by our CROs or partners or other contractors or consultants, may fail or suffer security breaches.

Despite the implementation of security measures, our internal computer systems and those of our CROs, partners and other contractors and consultants are vulnerable to damage from computer viruses and unauthorized access. Although to our knowledge we have not experienced any material system failure or security breach to date, if such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations.

In the ordinary course of our business, we collect and store sensitive data, including, among other things, legally protected patient health information, personally identifiable information about our employees, intellectual property, and proprietary business information. We manage and maintain our applications and data utilizing on-site systems and outsourced vendors. These applications and data encompass a wide variety of business critical information including research and development information, commercial information and business and financial information. Because information systems, networks and other technologies are critical to many of our operating activities, shutdowns or service disruptions occurring to our Company or vendors that provide information systems, networks, or other services to us pose increasing risks. Such disruptions may be caused by events, such as hacking, phishing attacks, ransomware, dissemination of computer viruses, worms and other destructive or disruptive software, denial of service attacks and other malicious activity, as well as power outages, natural disasters (including extreme weather), terrorist attacks or other similar events. Such events could have an adverse impact on us and our business, including loss of data and damage to equipment and data. In addition, system redundancy may be ineffective or inadequate, and our disaster recovery planning may not be sufficient to cover all eventualities. Significant events could result in a disruption of our operations, damage to our reputation or a loss of revenues. In addition, we may not have adequate insurance coverage to compensate for any losses associated with such events.

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 and our vendors, including personal information of our employees and patients, and company and vendor confidential data. In addition, outside 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 our data and/or systems. Like other companies, we have on occasion experienced, and will continue to 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 and/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.

We have developed and maintained systems and controls designed to prevent these events from occurring, and we have a process to identify and mitigate threats. They are costly and require ongoing updates to adapt to technology advancements and increasingly sophisticated security breaches. Despite our efforts, we are unable to prevent such security breaches from occurring at its entirety. We rely on vendors to maintain our information systems, which exposes us to additional security risks and requires additional resources to protect our technology and information systems.

We have limited insurance coverage, which could expose us to significant costs and business disruption.

We maintain property insurance policies covering physical damage to, or loss of, our property, facilities, electronic equipment and inventories. We hold employer's liability insurance generally covering death or work-related injury of employees. We do not maintain other insurance on our assets, key-man life insurance on any of our senior management or key personnel, or business interruption insurance. As we have not commenced commercial sales of our self-developed drug candidates, we have not insured against product liability despite the sales of an in-licensed product. Our insurance coverage may be insufficient to cover any claim for damage to our fixed assets or employee injuries, or product liability in the future. 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.

Any disruption of our current facilities or in the development of new facilities could reduce or restrict our production capacity or ability to develop or sell products, which could have a material and adverse effect on our business, financial condition and results of operations.

We currently manufacture all of our existing products for research and development purposes and our CDMO and CMO services at our Suzhou Production Center. We currently do not maintain back-up facilities, and thus depend on these facilities for the continued operation of our business. Natural disasters or other unanticipated catastrophic events, including power interruptions, water shortage, storms, fires, earthquakes, terrorist attacks and wars, as well as changes in governmental planning for the land underlying these facilities, could significantly impair our ability to manufacture products and operate business. Catastrophic events may also destroy any inventory located in those facilities. The occurrence of such an event could significantly disrupt our business and materially reduce our revenue and profitability.

If our manufacturing facilities or the equipment in them is damaged or destroyed, we may not be able to quickly or inexpensively replace our manufacturing capacity or replace it at all. In the event of a temporary or protracted loss of the facilities or equipment, we might not be able to transfer 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 the approvals of the NMPA or other comparable regulatory authorities before selling any drugs manufactured at that facility. Such an event

could delay our clinical trials or reduce our product sales if and when we are able to successfully commercialize one or more of our drug candidates.

Any interruption in manufacturing operations at our facilities could result in our inability to satisfy the demands of our clinical trials or commercialization. A number of factors could cause interruptions, including equipment malfunctions or failures, technology malfunctions, work stoppages, damage to or destruction of either facility due to natural disasters, regional power shortages, product tampering or terrorist activities. Any disruption that impedes our ability to manufacture our drug candidates in a timely manner could materially harm our business, financial condition and results of operation.

Currently, we maintain insurance coverage against damage to our property, facilities, electronic equipment and inventories. However, our insurance coverage may not reimburse us, or may not be sufficient to reimburse us, for any expenses or losses we may suffer.

All our manufacturing facilities are located in Suzhou, which expose us to geographic concentration risk.

We rely on our Suzhou Production Center for all of our product manufacturing needs. As a result, we are exposed to a risk of disruption if production at the Suzhou Production Center is interrupted. In addition, substantially all of our inventory of raw materials are stored in the same area, and the additional facilities we plan to develop in Suzhou are also expected to be located in the same area. As a result, contaminations, power failures, the breakdown or substandard performance of equipment, the destruction of equipment and other property due to natural disasters (including but not limited to flooding, typhoons, earthquakes and mudslides), acts of terror or other third party interference (in each case, whether affecting our facility directly or the Suzhou geographical area generally) could severely impact our ability to maintain quality inventories or receive adequate and timely supplies. If there is such an unexpected interruption in the supply of our products or damage to our inventory, we may be unable to manufacture sufficient products and satisfy our research and development needs or customers of our CDMO or CMO services on a timely basis, if at all. As a result, we could suffer loss of market share which may not be recaptured and incur other penalties, and our reputation could be harmed, which could materially and adversely affect our business, financial condition and results of operations.

Our efforts to expand our manufacturing capacity may not be successful, and we may not be able to precisely anticipate market demand.

In anticipation of commercialization of our drug candidates, we aim to significantly expand our manufacturing capacity, mainly through the construction of a new workshop specialized in ADC drug production, which is currently at a planning and design stage, at our Suzhou Production Center. However, the timing and success of these plans are subject to significant uncertainty. In particular, we have not yet obtained the relevant approvals and permits with respect to drug production at the new ADC workshop, and we cannot assure you that we will be able to do so timely or at all. Moreover, such plans are capital intensive and require 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 facilities, we may not be able to fully utilize them immediately or within a reasonable period of time after we commence 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 facilities. We may also experience various unfavorable events in the course of developing our new manufacturing facilities, 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 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.

In conducting drug discovery and development, we face potential liabilities, in particular, product liability claims or lawsuits could cause us to incur substantial liabilities.

We face an inherent risk of product liability as a result of the clinical trials 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 trials, 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 or obtain indemnification from our collaborators for product liability 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 regulators;
- 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 labeling, 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 market price of our Shares.

To cover such liability claims arising from clinical studies, we purchase clinical trial insurance in the conduct of 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.

We may not be able to maintain effective quality control over our products.

The quality of our products, including drug candidates manufactured by us for research and development purposes, will depend 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. See "Business — Quality Management System". 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 or that our standard operating procedures will be complete or updated at all times. We cannot assure you that we have properly documented all of our quality control and quality assurance activities in the past. We are, however, working on improving our documentation procedures for quality control and quality assurance activities. Any significant failure or deterioration of our quality control and quality assurance protocol or standard operating procedures could render our products unsuitable for use, result in gaps in the audit of our processes, jeopardize any GMP certifications we may have and/or 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 fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.

Our business operations are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations may involve the use of hazardous and flammable materials, including chemicals and biological materials, and may produce hazardous waste products. We may contract with third parties for the disposal of these materials and wastes. However, we cannot eliminate the risk of accidental contamination, exposure or injury from these materials in the course of our operations. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, clean-up costs and administrative actions against us and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties.

We maintain statutory employees' social insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of or exposure to hazardous materials, while this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage, use or disposal of biological or hazardous materials.

As the requirements imposed by environmental, health and safety laws and regulations may change and more stringent laws or regulations may be adopted, we may have difficulties complying with, or accurately predicting the potentially substantial cost of complying with, these laws and regulations, which may subject us to rectification orders, substantial fines, monetary damages and suspension or cessation of research activities and other business operations. These current or future laws and regulations may impair our research and development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

There are legal defects regarding some of our leased properties.

As of the Latest Practicable Date, we leased from third parties three properties in the PRC with an aggregate gross floor area of approximately 525.6 sq.m., and the registration for these properties with the relevant regulatory authorities were not completed. According to PRC law, the non-registration of lease agreements will not affect the validity of such lease agreements, but the relevant local housing administrative authorities can require us to complete registrations within a specified timeframe and we may be subject to a fine between RMB1,000 and RMB10,000 per lease for any delay in making these registrations. Further, we cannot assure you that we would be able to renew our leases on acceptable terms upon their expiration. If we are not able to renew them upon expiration, or if relevant leases are terminated as a result of challenges therewith by third parties, we may be forced to relocate from affected properties and incur additional costs, and our business, financial condition and results of operations may be adversely affected. In addition, we have not been able to obtain from the respective lessor of two properties we leased, located at 3 floor, No.665 Zhangjiang Road, China (Shanghai) Pilot Free Trade Zone and 4 floor, No. 3-2, Park Street, Nangang District, Taipei, Taiwan, respectively, a valid property ownership certificate. As a result, the lease agreement may be challenged as to its validity. If the lease agreement is deemed to be invalid by the relevant PRC or Taiwanese authorities or if the lessor does not possess valid titles, we may not be able to continue to lease such property and be forced to relocate, which may cause our business, financial condition and results of operations to be adversely affected. For details of our properties, see "Business — Property".

We may be required to make additional contributions of social insurance fund and/or housing provident fund and late payments and fines under PRC national laws and regulations.

Under relevant PRC laws and regulations, we are required to make social insurance fund and housing provident fund contributions for our employees. During the Track Record Period: (1) we did not make in full the social insurance fund and housing provident funds contributions for certain employees required by the PRC government; and (2) we did not make the social insurance fund contributions for our Taiwanese employees. The relevant PRC authorities may demand us to pay the outstanding social insurance funds within a stipulated deadline and we may be liable for a late payment fee equal to 0.05% of the outstanding amount for each day of delay. If we fail to make such payments, we may be liable for a fine of one to three times the amount of the outstanding contributions. In addition, we may be demanded to pay the underpaid amount to the housing provident fund within a prescribed time limit, failing which we may be subject to the compulsory enforcement by the People's Court. Our PRC Legal Advisers are of

the opinion that the risk of us being fined is remote provided that we pay the unpaid amount for social insurance and house provident funds in full amount in a timely manner after receiving notices to rectify such non-compliance from the relevant PRC authorities. As of the Latest Practicable Date, we had not received any notification from the relevant authorities demanding payment of the social insurance funds and the housing provident funds. See "Business — Legal Proceedings and Compliance" for details.

However, we cannot assure you that we will not be subject to any order to rectify non-compliance in the future, nor can we assure you that there are no, or will not be any, employee complaints regarding payment of the social insurance funds and the housing provident funds against us, or that we will not receive any claims in respect of the social insurance funds and housing provident funds under national laws and regulations. In addition, we may incur additional expenses to comply with such laws and regulations by the PRC government or relevant local authorities.

Our property valuation is based on certain assumptions which, by their nature, are subjective and uncertain and may materially differ from actual results.

Valuations of our properties as of August 31, 2019 prepared by JLL, an independent property valuer, are set forth in the property valuation report set out as Appendix III to this prospectus. The valuations are made based on assumptions which, by their nature, are subjective and uncertain and may differ from actual results. In addition, unforeseeable changes in general and local economic conditions or other factors beyond our control may affect the value of our properties. As a result, the valuation of our properties may differ materially from the price we could receive in an actual sale of the properties in the market and should not be taken as their actual realizable value or an estimation of their realizable value.

Increased labor costs could slow our growth and affect our profitability.

Our operations require a sufficient number of qualified employees. In recent years, the average labor cost in the global pharmaceutical market has been steadily increasing as the competition for qualified employees has become more intense, according to Frost & Sullivan Report. We cannot assure you that there will be no further increase in labor cost. If there is a significant increase in our labor cost, our operations and profitability may be adversely affected.

In addition, we adopted the Pre-IPO Share Option Scheme for the primary purpose of providing incentives and reward to employees of the Group. See "Statutory and General Information — E. Pre-IPO Share Option Scheme" in Appendix V to this prospectus for more details. In 2017, 2018 and the four months ended April 30, 2019, we incurred RMB0.4 million, RMB25.7 million and RMB4.9 million share-based compensation for stock options granted under our Pre-IPO Share Option Scheme, respectively. Share options granted under our existing or future share-based compensation scheme could adversely affect our net income.

Any future litigation, legal disputes, claims or administrative proceedings against us could be costly and time-consuming to defend.

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. While we do not believe that the resolution of any lawsuits against us will, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations, 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 which are initially not 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.

Our insurance might not cover claims brought against us, might not provide sufficient payments to cover all of the costs to resolve one or more such claims and might not continue to be available on terms acceptable to us. In particular, any claim could result in unanticipated liability to us if the claim is outside the scope of the indemnification arrangement we have with our collaborators, our collaborators do not abide by the indemnification arrangement as required, or the liability exceeds the amount of any applicable indemnification limits or available insurance coverage. A claim brought against us that is uninsured or underinsured could result in unanticipated costs and could have a material adverse effect on our financial condition, results of operations or reputation.

Negative news or publicity about us, our Directors or our management may adversely affect our reputation, business and growth prospects.

Any negative news or publicity concerning us, our substantial shareholders, our current and former Directors and management, affiliates or any entity that shares our brand name, even if proven untrue, could adversely affect our reputation and business prospects. We cannot assure you that negative publicity about us or any of our affiliates or any entity that shares such names would not damage our brand image. Given our specialized industry and market, negative publicity and word of mouth could travel quickly and negatively impact our relationships with third parties, which could have a material adverse effect on our business, financial condition and results of operations.

We may be unable to detect, deter and prevent all instances of fraud or other misconduct committed by our employees or other third parties.

Our employees or third parties such as our suppliers, distributors, CROs for research and development may commit fraud or other misconduct and such acts could subject us to financial losses and harm our business and operations. We cannot assure you that such misconducts can be completely prevented or deterred even if extensive internal controls and corporate governance practices are in place. In addition to potential financial losses, improper acts of its employees or third parties could subject us to third party claims and regulatory investigations. Any such fraud or other misconduct committed against us, whether involving past acts or future acts, could have an adverse effect on our business, financial position and results of operations.

RISKS RELATING TO OUR DOING BUSINESS IN THE PRC AND TAIWAN

Risks Relating to the PRC

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

We conduct substantially all 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. In particular, the NMPA's recent reform of the drug approval system may face implementation challenges. The timetable for completion of the reforms is uncertain, and thus our ability to commercialize our drug candidates in a timely manner could adversely affected.

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

Due to our extensive operations in China, our business, results of operations, financial condition and prospects may be influenced to a significant degree by economic, political, legal and social conditions in China. China's economy differs from the economies of developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources.

Though China has been one of the world's fastest growing economies in recent years in terms of GDP growth, it may not be able to sustain the same growth rate. For example, China's real GDP growth rate declined from approximately 7.7% in 2012 to 6.6% in 2018. In addition, the ongoing trade frictions between China and the United States that began in the first half of 2018 continue to add downward pressure to China's economic growth, and there remains an uncertainty over whether China and the United States will reach an agreement over such trade frictions and the terms of such agreement, if any. We cannot assure you that China's GDP growth rate will not further decline. A deterioration in China's business environment as a result of the slowdown in economic growth could reduce business activities and demand for our services, which could materially and adversely affect our business, financial condition and results of operations.

While the PRC economy has experienced overall growth, growth has been uneven across different regions and among various economic sectors of China. The PRC government has implemented various measures to encourage economic development and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are currently applicable to us. In addition, in the past the PRC government implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and results of operation.

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

Substantially all of our operations are conducted in China through our PRC-incorporated subsidiaries, and are governed by 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 precedential value.

In 1979, the PRC government began to promulgate a comprehensive system of laws, rules and regulations governing economic matters in general. The overall effect of legislation over the past three

decades has significantly enhanced the protections afforded to various forms of foreign investment in China. However, China has not developed a fully integrated legal system, and recently enacted laws, rules and regulations may not sufficiently cover all aspects of economic activities in China or may be subject to significant degrees of interpretation by PRC regulatory agencies. In particular, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable due to the fact that: (i) they are relatively new, (ii) limited availability of published court decisions, and such decisions are non-binding in nature, and (iii) relevant regulators are given significant discretion in the enforcement of such laws, rules and regulations. 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 which 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.

In addition, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since 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 and results of operations.

We face uncertainties relating to the recently enacted Foreign Investment Law, which may adversely affect us.

The PRC Foreign Investment Law (《中華人民共和國外國投資法》) (the "**Foreign Investment Law**") was approved in March 2019 and effective from January 1, 2020. The Foreign Investment Law may materially impact our current corporate governance practices and business operations in many aspects and may increase our compliance costs. For instance, the Foreign Investment Law would impose stringent ad hoc and periodic information reporting requirements on foreign investors and the applicable foreign invested entities. Depending on the circumstances, non-compliance with the information reporting obligations, concealment of information or providing misleading or false information could result in monetary fines. In addition, the Foreign Investment Law embodies an expected PRC regulation trend of rationalizing the foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments.

We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.

We are a holding company incorporated in Hong Kong, and we may rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders or to service any debt we may incur. If any of our PRC subsidiaries incur debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Under PRC laws and regulations, our PRC subsidiaries may pay dividends only out of their respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its accumulated

after-tax profits each year, if any, to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. Such reserve funds cannot be distributed to us as dividends. At its discretion, a wholly foreign-owned enterprise may allocate a portion of its after-tax profits based on PRC accounting standards to an enterprise expansion fund, or a staff welfare and bonus fund. In addition, registered share capital and capital reserve accounts are also restricted from withdrawal in China, up to the amount of net assets held in each operating subsidiary.

Additionally, in response to the persistent capital outflow in China and Renminbi's depreciation against the U.S. dollar, the People's Bank of China (the "**PBOC**") and the State Administration of Foreign Exchange (the "**SAFE**") promulgated a series of capital control measures. See "— Restrictions on currency exchange may limit our ability to utilize our revenue effectively" below for further details. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other kinds of payments to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends to our investors or other obligations to our suppliers, or otherwise fund and conduct our business.

Our business benefits from certain discretionary financial incentives granted by local governments. Expiration of, or changes to, these incentives or policies would have an adverse effect on our results of operations.

In the past, local governments in China granted certain financial incentives from time to time to our PRC subsidiaries as part of their efforts to encourage the development of local businesses, and we recognized RMB4.7 million, RMB12.5 million and RMB0.1 million in government grant income in 2017, 2018 and the four months ended April 30, 2019, respectively. See "Financial Information — Consolidated Statements of Profit or Loss — Other Gains/(Losses) – Net — Government Grants". The timing, amount and criteria of government financial incentives are determined within the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We generally do not have the ability to influence local governments in making these decisions. Local governments may decide to reduce or eliminate incentives at any time. In addition, some of the government financial incentives are granted on a per-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, and if we fail to satisfy any such conditions, we may be deprived of the relevant incentives. We cannot assure you of the continued availability of the government incentives currently enjoyed by us. Any reduction or elimination of incentives would have an adverse effect on our results of operations.

We are subject to PRC tax laws and regulations.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. We are currently under an examination by the Tax Bureau of Suzhou Industrial Park, as part of the State Administration of Taxation's ("**SAT**") initiative to examine pharmaceutical industry nationwide, which informed us of the examination in June 2019. Although we believe that in the past we acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and established effective internal control measures in relation to accounting regularities, we cannot assure you that the current examination and future examinations by PRC tax authorities would not result in fines, other penalties or actions that could adversely affect our business, financial condition and results of operations, as well as our reputation. Furthermore, the PRC government from time to time adjusts or changes its tax laws and regulations. Such adjustments or

changes, together with any uncertainty resulting therefrom, could have an adverse effect on our business, financial condition and results of operations.

Our dividend income from our PRC subsidiaries may be subject to a higher rate of withholding tax than that which we currently anticipate.

The Enterprise Income Tax Law (the "**EIT Law**") and its implementation rules provide that China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiary to its equity holders that are non-PRC resident enterprises, will normally be subject to PRC withholding tax at a rate of 10%, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement.

Pursuant to the Arrangement between Mainland China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and 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稅和防止偷漏稅的安排》), the withholding tax rate on dividends paid by our PRC subsidiary to the Company would generally be reduced to 5%, provided that the Company is the beneficial owner of the PRC-sourced income and we have obtained the approval of the competent tax authority. On February 3, 2018, the SAT issued the Announcement on Certain Issues Concerning the Beneficial Owners in a Tax Agreement (《關於税收協定中"受益所有人"有關問題的公告》) ("**Circular 9**"), which provides guidance for determining whether a resident of a contracting state is the "beneficial owner" of an item of income under China's tax treaties and similar arrangements. According to Circular 9, a beneficial owner generally must be engaged in substantive business activities and an agent will not be regarded as a beneficial owner. There is no assurance that the reduced withholding tax rate will be available.

Restrictions on currency exchange may limit our ability to utilize our revenue effectively.

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Substantially all of our revenue is denominated in Renminbi. Shortages in availability of foreign currency may then restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to our offshore entities for our offshore entities to pay dividends or make other payments or otherwise to satisfy our foreign currency denominated obligations. Renminbi is currently convertible under the "current account", which includes dividends, trade and service-related foreign exchange transactions, but not under the "capital account", which includes foreign direct investment and foreign currency debt, including loans we may secure for our onshore subsidiaries. Currently, our PRC subsidiaries may purchase foreign currency for settlement of "current account transactions", including payment of dividends to us, without the approval of the SAFE by complying with certain procedural requirements. However, the relevant PRC governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions.

Furthermore, in response to the persistent capital outflow in China and Renminbi's depreciation against the U.S. dollar, the PBOC and the SAFE promulgated a series of capital control measures, including stricter vetting procedures for domestic companies to remit foreign currency for overseas investments, dividends payments and shareholder loan repayments. The PRC government may continue to strengthen its capital controls, and more restrictions and substantial vetting process may be put forward by the SAFE for cross-border transactions falling under both the current account and the capital account.

Since our revenue is denominated in Renminbi, any existing and future restrictions on currency exchange may limit our ability to utilize revenue generated in Renminbi to fund our business activities outside of the PRC or pay dividends in foreign currencies to holders of our Shares. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, the SAFE and other relevant PRC governmental authorities. This could affect our ability to obtain foreign currency through debt or equity financing for our subsidiaries.

It may be difficult to effect service of process upon us or our management that reside in China or to enforce against them or us in China any judgments obtained from foreign courts.

Most of our operating subsidiaries are incorporated in China. Some of our management reside in China from time to time. Almost all of our assets and some of the assets of our management are located in China. Therefore, it may not be possible for investors to effect service of process upon us or our management inside China. 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, Hong Kong and China 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》) (the "**Arrangement**"), pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a Chinese court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. 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 Chinese court is expressly designated as the court having sole jurisdiction for the existing or potential dispute. On January 18, 2019, the Supreme People's Court and the Hong Kong SAR Government signed 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 (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) (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. The New Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. 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 United States, the United Kingdom, or most other western countries. 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.

Any failure by the Shareholders or beneficial owners of our Shares who are PRC residents to comply with certain PRC foreign exchange regulations relating to offshore investment activities by such PRC residents could restrict our ability to distribute profits, restrict our overseas and cross-border investment activities and subject us to liability under PRC laws.

The SAFE has promulgated several regulations requiring PRC residents to register with PRC government authorities before engaging in direct or indirect offshore investment activities, including Circular of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Overseas Investment, Financing and Roundtrip Investment through Special Purpose Vehicles Conducted by domestic Residents in China via Special-Purpose Companies (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) ("**SAFE Circular 37**") issued and effective on July 4, 2014. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with assets or equity interests of onshore companies or offshore assets or interests held by the PRC residents, referred to in SAFE Circular 37 as a "special purpose vehicle". SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle. On February 13, 2015, the SAFE promulgated the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) ("**SAFE Circular 13**"), which came into effect on June 1, 2015. Pursuant to SAFE Circular 13, local banks shall review and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37, while the application for remedial registrations shall still be submitted to, reviewed and handled by the relevant local branches of the SAFE.

If a shareholder who is a PRC citizen or resident does not complete the registration with the local banks or local SAFE branches, the PRC subsidiaries of the special purpose vehicle may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the special purpose vehicle, and the special purpose vehicle may be restricted to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with the various SAFE registration requirements described above may result in liabilities for the PRC subsidiaries of the special purpose vehicle under PRC laws for evasion of applicable foreign exchange restrictions, including (i) the requirement by the SAFE to return the foreign exchange remitted overseas within a period of time specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas and deemed to have been evasive and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive.

We face uncertainty relating to PRC laws and regulations relating to transfers by a non-resident enterprise of assets of a PRC resident enterprise.

On February 3, 2015, the SAT issued the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) ("**Circular 7**"), which supersedes certain provisions in the Notice on Strengthening the Administration of Enterprise Income Tax on non-Resident Enterprises (《關於加強非居民企業股權轉讓企業所得稅管理的通知》) ("**Circular 698**"), which was previously issued by the SAT on December 10, 2009, as well as certain other rules providing clarification on Circular 698. Circular 7 provides comprehensive guidelines relating to, and heightened the PRC tax authorities' scrutiny over, indirect transfers by a non-resident enterprise of the assets of PRC resident enterprises

("**PRC Taxable Assets**"), including equity interests. For example, Circular 7 specifies that when a non-resident enterprise transfers PRC Taxable Assets indirectly through disposal of equity interests in an overseas holding company which directly or indirectly holds such PRC Taxable Assets, the PRC tax authorities are entitled to reclassify the nature of such transaction by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC Taxable Assets, if deeming such transaction to have been conducted for the purposes of avoiding EIT and without any other reasonable commercial purpose.

Except as provided in Circular 7, transfers of PRC Taxable Assets under the following circumstances shall be automatically deemed as having no reasonable commercial purpose, and are subject to PRC enterprise income tax: (i) more than 75% of the value of the equity interest of the overseas enterprise is directly or indirectly attributable to the PRC Taxable Assets; (ii) more than 90% of the total assets (cash excluded) of the overseas enterprise are directly or indirectly composed of investment in China at any time during the year prior to the indirect transfer of PRC Taxable Assets, or more than 90% of the income of the overseas enterprise is directly or indirectly from China during the year prior to the indirect transfer of PRC Taxable Assets; (iii) the overseas enterprise and its subsidiaries directly or indirectly hold PRC Taxable Assets and have registered with the relevant authorities in the host countries (regions) in order to meet the local legal requirements in relation to organization forms, yet prove to be inadequate in their ability to perform their intended functions and withstand risks as their alleged organization forms suggest; or (iv) the income tax from the indirect transfer of PRC Taxable Assets payable abroad is lower than the income tax in China that may be imposed on the direct transfer of such PRC Taxable Assets.

Although Circular 7 contains certain exemptions (including, (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company which holds such PRC Taxable Assets on a public market; and (ii) where there is an indirect transfer of PRC Taxable Assets, but if the non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from enterprise income tax in the PRC under an applicable tax treaty or arrangement), it remains unclear whether any exemptions under Circular 7 will be applicable to the transfer of our Shares or to any future acquisition by us outside of the PRC involving PRC Taxable Assets, or whether the PRC tax authorities will reclassify such transaction by applying Circular 7. Therefore, the PRC tax authorities may deem any transfer of our Shares by our Shareholders that are non-resident enterprises, or any future acquisition by us outside of the PRC involving PRC Taxable Assets, to be subject to the foregoing regulations, which may subject our Shareholders or us to additional PRC tax reporting obligations or tax liabilities.

Provisions of Circular 7, which impose PRC tax liabilities and reporting obligations, do not apply to "non-resident enterprise acquiring and disposing of the equity interests of the same offshore listed company in a public market" (the "**Public Market Safe Harbor**"), which is determined by whether the parties, number and price of the shares acquired and disposed are not previously agreed upon, but determined in accordance with general trading rules in the public securities markets, according to one implementing rule for Circular 698. In general, transfers of the Shares by Shareholders on the Stock Exchange or other public market would not be subject to the PRC tax liabilities and reporting obligations imposed under Circular 7 if the transfers fall under the Public Market Safe Harbor. As stated in "Information about this Prospectus and the Global Offering" in this prospectus, potential investors should consult their professional advisors if they are in any doubt as to the tax implications of subscribing for, purchasing, holding, disposing of and dealing in the Shares.

We may be deemed to be a Chinese tax resident, which could result in unfavorable tax consequences to us and our non-PRC shareholders.

We are incorporated under the laws of Hong Kong, and most of our operations are conducted through our PRC-incorporated subsidiaries. Pursuant to the EIT Law and its implementation rules, if an enterprise incorporated outside China has its "de facto management bodies" within China, such enterprise would generally be deemed a "Chinese resident enterprise" for tax purposes and be subject to EIT at a rate of 25.0% on its global incomes. "De facto management body" is defined as the body that has actual overall management and control over the business, personnel, accounts and properties of an enterprise. In April 2009, the SAT promulgated a circular to clarify the certain criteria for the determination of the "de facto management bodies" for foreign enterprises controlled by Chinese enterprises. These criteria include: (i) members of senior management who are in charge of the enterprise's day-to-day operation and senior management division which operates from China; (ii) decisions relating to the enterprise's financial and human resource matters are made or subject to approval by organizations or personnel in China; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders' meeting minutes are located or maintained in China and (iv) 50.0% or more of voting board members or senior executives of the enterprise habitually reside in China. According to these regulations, we might be regarded as a Chinese resident enterprise by Chinese tax authority and be required to pay EIT at a rate of 25.0% for all of our global income. In addition, if we are deemed to be a Chinese tax resident, the EIT Law and its implementing rules provide that dividends paid by us to our non-PRC shareholders and, while less clear, capital gains recognized by them with respect to the sale of our Shares may be subject to a tax of 10% for non-PRC resident enterprise shareholders and potentially 20% for non-PRC resident individual shareholders. In the case of dividend payments, such PRC tax may be withheld at source.

Government control of currency conversion of and regulations on loans to, and direct investment in, PRC entities by offshore holding companies may delay or prevent us from making loans or additional contributions to our PRC subsidiaries, which could restrict our ability to utilize the proceeds from the Global Offering effectively and affect our ability to fund and expand our business.

The PRC government imposes controls on the convertibility of foreign currencies into Renminbi. Under China's existing foreign-exchange regulations, foreign-exchange transactions under capital accounts continue to be subject to significant foreign-exchange controls and require the registration with, and approval of, PRC governmental authorities. In particular, if one subsidiary receives foreign-currency loans from us or other foreign lenders, these loans must be registered with the SAFE or its local counterparts. If we finance such subsidiary by means of additional capital contributions, these capital contributions must be filed with or approved by certain government authorities, including the Ministry of Commerce or its local counterparts.

In August 2008, the SAFE promulgated the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign Invested Enterprises (《國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》) ("**SAFE Circular 142**"), providing that the Renminbi capital converted from foreign-currency-registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable government authority and may not be used for equity investments within China. On March 30, 2015, SAFE released the Notice on the Reform of the Management Method for 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》) ("**SAFE Circular 19**"),

which came into force and superseded SAFE Circular 142 from June 1, 2015. On June 9, 2016, SAFE further promulgated the Circular on the Reform and Standardization of the Management Policy of the Settlement of Capital Projects (《關於改革和規範資本項目結匯管理政策的通知》) ("**SAFE Circular 16**").

SAFE Circular 19 has made adjustments to certain regulatory requirements on the settlement of foreign exchange capital of foreign-invested enterprises, and some foreign exchange restrictions under SAFE Circular 142 are expected to be lifted. Under SAFE Circular 19 and SAFE Circular 16, the settlement of foreign exchange by foreign invested enterprises shall be governed by the policy of foreign exchange settlement on a discretionary basis. However, SAFE Circular 19 and SAFE Circular 16 also reiterate that the settlement of foreign exchange shall only be used for its own operation purposes within the business scope of the foreign invested enterprises and following the principles of authenticity. Considering that SAFE Circular 19 and SAFE Circular 16 are relatively new, it is unclear how they will be implemented, and there exists high uncertainties with respect to its interpretation and implementation by authorities. For example, under SAFE Circular 19 and SAFE Circular 16, we may not be allowed to convert foreign currency-registered capital of our PRC subsidiaries which are foreign-invested enterprises into Renminbi capital for securities investments or other finance and investment except for principal-guaranteed bank products. Further, SAFE Circular 19 and SAFE Circular 16 restrict a foreign-invested enterprise from using Renminbi converted from its registered capital to provide loans to a its non-affiliated company.

Violations of SAFE Circular 19 and SAFE Circular 16 could result in severe monetary or other penalties. We cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans or capital contributions by us to our PRC subsidiaries and conversion of such loans or capital contributions into Renminbi. If we fail to complete such registrations or obtain such approvals, our ability to capitalize or otherwise fund our PRC operations may be negatively affected, which could adversely affect our ability to fund and expand our business.

Fluctuation in the value of Renminbi may have a material adverse effect on our business.

The value of Renminbi against Hong Kong dollar and other foreign currencies is affected by, among other things, changes in China's foreign exchange policies and international economic and political developments. There remains significant international pressure on the PRC government to adopt a more flexible currency policy, which may result in further and more significant fluctuations in the value of Renminbi against Hong Kong dollar and other foreign currencies.

Substantially all of our revenue and expenses are denominated in Renminbi and fluctuations in exchange rates may adversely affect the value of our net asset and earnings. In addition, the dividends from our Shares will be denominated in Hong Kong dollars. As a result, any appreciation of Renminbi against Hong Kong dollars or any other foreign currencies may result in a decrease in the value of the dividend earnings. Conversely, any depreciation of the Renminbi may adversely affect the value of our Shares in foreign currency. Therefore, any significant fluctuation in the value of the Renminbi against foreign currencies could materially and adversely affect us and the value of your investment in our Shares.

Any failure to comply with PRC regulations regarding employee stock incentive plans may subject the PRC participants or us to fines and other legal or administrative sanctions.

In February 2012, the SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Companies. Accordingly, PRC residents who are granted shares or share options by a company listed on an overseas stock market under its employee stock incentive plan are required to register with the SAFE or its local counterparts by following certain procedures. We and our employees who are PRC residents and individual beneficial owners who have been granted Pre-IPO Share Options pursuant to the Pre-IPO Share Option Scheme will be subject to these rules due to our listing on the Stock Exchange. We will assist our employees to register their share options or shares. However, any failure of our PRC individual beneficial owners and holders of share options or shares to comply with the SAFE registration requirements in the future may subject them to fines and sanctions and may, in rare instances, limit the ability of our PRC subsidiaries to distribute dividends to us.

In addition, the SAT has issued circulars concerning employee share options or restricted shares. Under these circulars, employees working in the PRC who exercise share options, or whose restricted shares vest, will be subject to PRC individual income tax ("**IIT**"). The PRC subsidiaries of an overseas listed company have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold IIT of those employees related to their share options or restricted shares. During the Track Record Period, our PRC subsidiaries currently withheld IIT from the PRC employees in connection with their exercise of share options. However, any failure to report and withhold IIT according to relevant laws, rules and regulations in the future may result in such PRC subsidiaries facing sanctions imposed by the tax authorities or other PRC government authorities.

The political relationships between China and other countries may affect our business operations.

During the Track Record Period, we have formed partnerships with entities in foreign countries and regions. Establishing new collaboration partnerships is key to our future growth. Our business is therefore subject to constantly changing international economic, regulatory, social and political conditions, and local conditions in those foreign countries and regions. As a result, China's political relationships with those foreign countries and regions may affect the prospects of maintaining existing or establishing new collaboration partnerships. There can be no assurance that potential 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. Any tensions and political concerns between China and the relevant foreign countries or regions may adversely affect our business, financial condition, results of operations, cash flows and prospects.

Risks Relating to Taiwan

Change in relations between Taiwan and the PRC could adversely affect our business and the market value of our Shares.

Certain functional departments of our Company and some of our senior management are located in Taiwan. Taiwan has a unique international political status. Relations between Taiwan and the PRC have at times been strained. Any changes in cross-strait relationship could materially and adversely affect our business and the market value of our Shares.

Taiwan restrictions on increase in our investments in the PRC may prevent certain of our existing Shareholders from making future investments in us.

As authorized by the Act Governing Relations between the Peoples of the Taiwan Area and Mainland Area (《臺灣地區與大陸地區人民關係條例》) and the Reviewing Principles of Investment or Technical Cooperation with China (《在大陸地區從事投資或技術合作審查原則》) (the "**Reviewing Principles**"), the Ministry of Economic Affairs (the "**MOEA**") published a list of businesses in which Taiwanese nationals or legal persons may not invest or cooperate with the PRC. A Taiwanese individual or company is not allowed to invest in any business that is identified on such list in the PRC, which in turn prohibits us from investing in such businesses in the PRC. Items not identified on such list are regarded as general items in which investment is permitted with prior approval by the Investment Commission of the MOEA (the "**IC**"). Under the Regulations Governing Permission of Investment or Technical Cooperation with China (《在大陸地區從事投資或技術合作許可辦法》) and the Reviewing Principles, when a Taiwanese individual or company desires to invest in the PRC or provide technology, patents and other intellectual property rights to PRC individuals or entities, it must obtain a prior approval from the IC, except in the event that the investment is made to a certain PRC enterprise with an aggregate amount of less than US$1 million, in which case only a post-investment filing within six months after the completion of investment with the IC for record is required. See "Regulatory Overview — Relevant Laws and Regulations of Taiwan — License, Registrations and Permits — Investments in the PRC" for details.

Substantially all of our operations are conducted in China through our PRC-incorporated subsidiaries, while the above-mentioned Taiwan regulations restrict certain types of investments by Taiwanese companies in the PRC. Therefore, our pursuit of further financing from, or business cooperation with, Centerlab Entities would be adversely affected. During the Track Record Period, we entered into certain transactions with Centerlab Entities. See Note 33 to Appendix I — "Accountant's Report" to this prospectus for a summary of these transactions. Furthermore, we do not know when or if such laws and policies governing investment in the PRC will be amended, and we cannot assure you that such Taiwan investment laws and policies will permit Centerlab Entities to hold interest or make further investments in our Company in the future. Our growth prospects and profitability may be adversely affected if we are restricted from seeking additional investments or doing business with Centerlab Entities or other entities based in Taiwan.

Moreover, our Taiwan Legal Advisor advised us that our investment in our PRC subsidiaries by using the net proceeds will be regarded as additional investments in the PRC by Taiwanese shareholders who hold 10% or more of the Company's shares or serve as the Company's director, supervisor, manager or any equivalent position. Therefore, prior approvals by, or post-investment declaration filings with the IC will be required with respect to certain Centerlab Entities when the Company funds its PRC subsidiaries with net proceeds from the Global Offering. We cannot assure you if the relevant Taiwanese shareholders would be able to obtain such approvals or file declarations properly and promptly, and failure in compliance with the regulations may adversely affect our ability to make use of the net proceeds.

You may experience difficulties effecting service of legal process and enforcing judgments against us and our management in Taiwan.

Our Taiwan Legal Adviser has advised us that any final judgment obtained against us in any court other than the courts of Taiwan in respect of any legal suit or proceeding arising out of or relating to the

Global Offering, will be enforced by the courts of Taiwan without further review of the merits only if the Taiwan court in which enforcement is sought is satisfied with the following:

- the court rendering the judgment has jurisdiction over the subject matter according to the laws of Taiwan;
- the judgment and the court procedures resulting in the judgment are not contrary to the public order or good morals of Taiwan;
- if the judgment was rendered by default by the court rendering the judgment, (i) we were duly served within a reasonable period of time within the jurisdiction of such court in accordance with the laws and regulations of such jurisdiction, or (ii) process was served on us with judicial assistance of Taiwan; and
- judgments of the courts of Taiwan are recognized in the jurisdiction of the court rendering the judgment on a reciprocal basis.

RISKS RELATING TO THE GLOBAL OFFERING

No public market currently exists for our Shares; an active trading market for our Shares may not develop and the market price for our Shares may decline or became volatile.

No public market currently exists for our Shares. The initial Offer Price for our Shares to the public will be the result of negotiations between our Company and ICBCI Capital (for itself and on behalf of the Underwriters), and the Offer Price may differ significantly from the market price of the Shares following the Global Offering. We have applied to the Stock Exchange for the listing of, and permission to deal in, the Shares. A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for our Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the Shares will not decline following the Global Offering. Furthermore, Centerlab, certain other existing Shareholders, certain participants of the Pre-IPO Share Option Scheme and all Cornerstone Investors have agreed to be subject to lock-up arrangements, which will restrict them from selling their Shares and therefore reduce the available free float for our Shares during the relevant lock-up period. The absence of any sale of Shares by such persons during the relevant lock-up period may cause or contribute to limited liquidity in the market for our Shares. See "Underwriting" and "Cornerstone Investors" for details.

The price and trading volume of our Shares may be volatile, which could lead to substantial losses to investors.

The price and trading volume of our 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, events with adverse impact on investors' confidence and risk appetites, such as acts of God, acts of war and terrorism, natural disasters, political unrest or large-scale protests, epidemics and other disasters which are beyond our control, may cause severe fluctuation in stock markets. The business performance and the market price of the shares of other companies engaging in similar business may also affect the price and trading volume of our Shares. In addition to market and industry factors, the price and trading volume of our Shares may be highly volatile for specific business reasons, such as the results of clinical trials of our drug candidates, the results of our

applications for approval 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, or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and it is possible that our Shares may be subject to changes in price not directly related to our performance.

There will be a gap of several days between pricing and trading of our Shares, and the price of our Shares when trading begins could be lower than the offer price.

The initial price to the public of our Shares sold in the Global Offering is expected to be determined on the Price Determination Date. However, the Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be the fifth Business Day after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in the Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of the Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

Future sales or perceived sales of substantial amount of our Shares in the public market could materially adversely affect the prevailing market price of our Shares and our ability to raise capital in the future.

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

You will incur immediate and significant dilution and may experience further dilution if we issue additional Shares or other equity securities in the future, including pursuant to the Pre-IPO Share Option Scheme.

The Offer Price of the Offer Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of the Offer Shares in the Global Offering will experience an immediate dilution in pro forma net tangible asset value. In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the Offer Shares may experience dilution in the net tangible asset value per share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time. As of the Latest Practical Date, the aggregate number of underlying Shares pursuant to the outstanding Pre-IPO Share Options was 12,684,000 Shares, representing approximately 2.23% of the total issued Shares immediately following the completion of the Global Offering, assuming the Over-Allotment Option is not exercised and no further Shares are issued pursuant to the Pre-IPO Share Option Scheme. We may continue to issue Shares pursuant to the Pre-IPO Share Option Scheme, which would further dilute Shareholders' interests in our Company. For details, please refer to "Statutory and General Information — E. Pre-IPO Share Option Scheme" in Appendix V in this prospectus.

Because we do not expect to pay dividends in the foreseeable future after the Global Offering, you must rely on price appreciation of our Shares for a return on your investment.

We currently intend to retain most, if not all, of our available funds and any future earnings after the Global Offering to fund the development and commercialization of our 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 investment in our Shares as a source for any future dividend income.

Any future determination to pay dividends will be made at the discretion of our Directors 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. Accordingly, the return on your investment in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value after the Global Offering or even maintain the price at which you purchased the Shares. You may not realize a return on your investment in our Shares and you may even lose your entire investment in our Shares.

We have significant discretion as to how we will use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them.

Our management may spend the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favorable return to our shareholders. We plan to use the net proceeds from the Global Offering to conduct clinical trials on our drug candidates and to expand our sales and marketing staff in preparation for the approval and commercialization of those drug candidates. For details, see "Future Plans and Use of Proceeds — Use of Proceeds". However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, whose judgment you must depend on, for the specific uses we will make of the net proceeds from this Global Offering.

We cannot assure you that our Shares will remain listed on the Stock Exchange.

Although it is currently intended that the Shares will remain listed on the Stock Exchanges, there is no guarantee of the continued listing of the Shares. Among other factors, we may not continue to satisfy the listing requirements of the Stock Exchange. Accordingly, Shareholders will not be able to sell their Shares through trading on the Stock Exchange if the Shares are no longer listed on the Stock Exchange.

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

Facts, forecasts and statistics in this prospectus relating to the pharmaceutical industry in and outside China are obtained from various sources that we believe are reliable, including official government publications as well as a report prepared by Frost & Sullivan that we commissioned. However, we cannot guarantee the quality or reliability of these sources. Neither we, the Sole Global Coordinator, the Sole Sponsor, the Underwriters nor our or their respective affiliates or advisers 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 prospectus 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 prospectus 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 Global Offering.

Subsequent to the date of this prospectus but prior to the completion of the Global Offering, there may be press and media coverage regarding us and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. 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 prospectus, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

You should rely solely upon the information contained in this prospectus, the Global Offering and any formal announcements made by us in Hong Kong in making your investment decision regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to invest in our Global Offering. By applying to purchase our Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus and the Global Offering.

In preparation for the Global Offering, we have sought and have been granted the following waivers and exemptions from strict compliance with, and consents under, the relevant provisions of the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, the Company must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Since we have our headquarters and major business operations based in the PRC, we do not, and for the foreseeable future do not expect to, have executive Directors who are ordinarily resident in Hong Kong, for the purposes of satisfying the requirements under Rule 8.12 of the Listing Rules. Currently, all of our executive Directors reside in the PRC and Taiwan.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with Rule 8.12 of the Listing Rules. We propose that the following measures and arrangements to be adopted for maintaining regular communication between the Stock Exchange and the Company:

(i) both of our authorized representatives, namely Ms. Yeh-Huang, Chun-Ying (黃純瑩女士), our executive Director and general manager, and Mr. Lui, Wing Yat Christopher (呂穎一先生), one of our joint company secretaries who is ordinarily resident in Hong Kong, will act as our principal channel of communication with the Stock Exchange. Mr. Yao, Jau-Chang (姚朝昶先生), the other of our joint company secretaries, has also been appointed as an alternate authorized representative of the Company;

(ii) each of our authorized representatives has means to contact all the Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the Directors on any matter;

(iii) each Director will provide his or her mobile phone number, office phone number, e-mail address and facsimile number to our authorized representatives and the Stock Exchange;

(iv) each Director will provide his or her phone numbers or means of communication to the authorized representatives when he or she is travelling or otherwise out of office;

(v) both of our executive Directors have confirmed that they possess or can apply for valid travel documents to visit Hong Kong for business purposes and would be able to come to Hong Kong and, when required, meet with the Stock Exchange upon reasonable notice; and

(vi) we have appointed Somerley Capital Limited to act as the compliance advisor of the Company who will act as our additional channel of communication with the Stock Exchange for the period commencing from the Listing Date and ending on the date that we publish our financial results for the first full financial year after the Listing Date pursuant to Rule 13.46 of the Listing Rules. The compliance advisor will advise us on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after Listing and have full access at all times to the authorized representatives and the Directors.

WAIVER IN RELATION TO APPOINTMENT OF JOINT COMPANY SECRETARIES

According to Rule 8.17 of the Listing Rules, an issuer must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules.

According to Rule 3.28 of the Listing Rules, a company secretary must be a person who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. The Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of 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)).

In assessing "relevant experience", the Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles played;

(b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, 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.

We have appointed Mr. Yao, Jau-Chang (姚朝昶先生) ("**Mr. Yao**") as one of our joint company secretaries taking effect on the Listing Date. Mr. Yao joined us in April 2018 as a vice general manager in charge of the general management division, overseeing financial, accounting, legal, procurement, information technology and communication matters, and is familiar with the day-to-day corporate affairs of our Group. For further details, please see the section headed "Directors and Senior Management — Joint Company Secretaries".

Since Mr. Yao does not possess the relevant experience as stipulated in the Notes to Rule 3.28 of the Listing Rules, we have appointed Mr. Lui, Wing Yat Christopher (呂穎一先生) ("**Mr. Lui**") as the other of our joint company secretaries. Mr. Lui is a Chartered Secretary and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom. For further details, please see the section headed "Directors and Senior Management — Joint Company Secretaries".

Over a period of three years from the Listing Date, we propose to implement the following measures to assist Mr. Yao to become a company secretary with the relevant experience as required under the Listing Rules:

(i) Mr. Lui, who possesses the requisite qualification and experience as required under Rule 3.28 of the Listing Rules, will ensure that Mr. Yao would be able to acquire the necessary knowledge and experience to satisfy the requirements of Rule 3.28 of the Listing Rules. Such assistance will be continuing for a period of three years since the Listing Date, which should be sufficient for Mr. Yao to acquire the requisite knowledge and experience;

(ii) in the initial three years from the Listing Date, Mr. Yao is to work closely with Mr. Lui, who will provide assistance to Mr. Yao in the discharge of his duty as company secretary;

(iii) Mr. Yao has received and will receive training to familiarize himself with the Listing Rules and other relevant rules and regulations in Hong Kong; and

(iv) Mr. Yao will also be advised by our Hong Kong legal advisors and compliance adviser if and when necessary.

We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules. The waiver will be revoked immediately if Mr. Lui ceases to provide assistance and guidance to Mr. Yao. In the event that Mr. Yao has obtained relevant experience under Rule 3.28 of the Listing Rules at the end of the said initial three-year period, the above joint company secretaries arrangement will no longer be required by the Company.

WAIVER AND EXEMPTION IN RELATION TO THE PRE-IPO SHARE OPTION SCHEME

Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, requires the Company to disclose, among other things, details of the number, description and amount of any shares in or debentures of the Company which any person has, or is entitled to be given, an option to subscribe for, together with certain particulars of each option, namely the period during which it is exercisable, the price to be paid for shares or debentures subscribed for under it, the consideration (if any) given or to be given for it or for the right to it and the names and addresses of the persons to whom it was given (the "**Share Option Disclosure Requirements**").

As of the Latest Practicable Date, the Company had granted Pre-IPO Share Options (whether exercised, lapsed or outstanding) to 97 grantees (including two Directors, five members of our senior management, one former Director who is currently a connected person of the Company, and 89 other current or former employees) to subscribe for an aggregate of 16,969,000 Shares (representing approximately 12.35% of the total number of Shares and Preferred Shares in issue as of the Latest Practicable Date) on the terms set out in the section headed "Statutory and General Information — E. Pre-IPO Share Option Scheme" in Appendix V to this prospectus. These grantees consist solely of our current and former employees.

We have applied to the Stock Exchange and the SFC, respectively for, (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix

1A to, the Listing Rules; and (ii) a certificate of exemption under section 38A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting the Company from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, on the ground that strict compliance with the above requirements would be unduly burdensome for the Company for the following reasons:

(a) given that 97 grantees are involved, strict compliance with the Share Option Disclosure Requirements in setting out full details of all the grantees under the Pre-IPO Share Option Scheme, including their names, addresses and entitlements on an individual basis, in this prospectus will require a substantial number of pages of additional disclosure that do not provide any material information to the investing public, and would be costly and unduly burdensome for the Company in light of a significant increase in cost and timing for prospectus preparation and printing;

(b) the grant and exercise in full of the Pre-IPO Share Options will not cause any material adverse impact in the financial position of the Company;

(c) non-compliance with the Share Option Disclosure Requirements would not prevent the Company from providing its potential investors with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of the Company;

(d) material information relating to the Pre-IPO Share Options will be disclosed in this prospectus, including the aggregate number of grantees and total number of Shares subject to the Pre-IPO Share Option Scheme, the consideration paid for the grant of the Pre-IPO Share Options, the exercise price per Share, the potential dilution effect on the shareholding and impact on earnings per Share upon full exercise of the Pre-IPO Share Options. The Directors consider that the information that is reasonably necessary for the potential investors to make an informed assessment of the Company in their investment decision making process has been included in this prospectus;

(e) the Company will comply with the Share Option Disclosure Requirements in respect of (i) our Directors; (ii) members of our Company's senior management as referred to in the section headed "Directors and Senior Management — Our Senior Management" of this prospectus; (iii) Dr. Liang, Min (梁旻博士), a former Director who is currently a connected person of the Company as explained in the section headed "Connected Transactions — Fully Exempt Continuing Connected Transactions — 5. Consultancy Agreement with Dr. Liang" of this prospectus; and (iv) other grantees with Pre-IPO Share Options representing 300,000 Shares or more (collectively, the "**Key Grantees**"). As of the Latest Practicable Date, there were in total 16 Key Grantees, who had been granted Pre-IPO Share Options (whether exercised, lapsed or outstanding) entitling them to subscribe for an aggregate of 12,100,000 Shares, representing approximately 71.3% of all Pre-IPO Share Options that had been granted (whether exercised, lapsed or outstanding). The Directors consider that the disclosure of information on the Key Grantees will already present a sufficiently informative picture of the entitlements under the Pre-IPO Share Option Scheme; and

(f) the above manner of disclosure is consistent with the conditions ordinarily expected by the Stock Exchange in similar circumstances, as set out in the Guidance Letter HKEx-GL11-09 issued in July 2009 and updated in March 2014 by the Stock Exchange.

In light of the above, our Directors are of the view that the grant of the waiver and exemption sought under this application will not prejudice the interests of the investing public.

The Stock Exchange has agreed to grant to us a waiver under the Listing Rules on the conditions that:

(a) in respect of the Pre-IPO Share Options granted to grantees who are not Key Grantees, disclosure will be made, on an aggregate basis by band, of (1) the aggregate number of grantees, (2) the number of underlying Shares, (3) the exercise period and exercise price and (4) the consideration paid by grantees in the section headed "Statutory and General Information — E. Pre-IPO Share Option Scheme" in Appendix V to this prospectus;

(b) the aggregate number of Shares underlying the Pre-IPO Share Options and the percentage to the Company's total issued share capital represented by such number of Shares as of the Latest Practicable Date and immediately following the completion of the Global Offering (assuming the Over-Allotment Option is not exercised and no further Shares are issued pursuant to the Pre-IPO Share Option Scheme) will be disclosed in the section headed "Statutory and General Information — E. Pre-IPO Share Option Scheme" in Appendix V to this prospectus;

(c) the dilutive effect and impact on earnings per Share upon the full exercise of the Pre-IPO Share Options will be disclosed in the section headed "Statutory and General Information — E. Pre-IPO Share Option Scheme" in Appendix V to this prospectus;

(d) a summary of the major terms of the Pre-IPO Share Option Scheme will be disclosed in the section headed "Statutory and General Information — E. Pre-IPO Share Option Scheme" in Appendix V to this prospectus;

(e) the particulars of the waiver will be disclosed in this prospectus;

(f) a list of all the grantees under the Pre-IPO Share Option Scheme (including the Key Grantees) containing all the particulars as required under Rule 17.02(1)(b) and paragraph 27 of Appendix 1A of the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance will be made available for public inspection as disclosed in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VI to this prospectus; and

(g) the certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting the Company from the disclosure requirements provided in paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance will be granted by the SFC.

The SFC has agreed to grant to us the certificate of exemption under section 38A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting the Company from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

(a) full details of the Pre-IPO Share Options granted to each of the Key Grantees will be disclosed in this prospectus, such details to include all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) in respect of the Pre-IPO Share Options granted to grantees who are not Key Grantees, disclosures will be made on an aggregate basis and categorized by reference to the number of Shares underlying the Pre-IPO Share Options. For each category, the following details are disclosed in this prospectus: (1) the aggregate number of grantees, (2) the number of underlying Shares, (3) the exercise period and exercise price and (4) the consideration paid by grantees;

(c) a list of all the grantees under the Pre-IPO Share Option Scheme (including the Key Grantees) containing all the particulars as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance will be made available for public inspection as disclosed in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VI to this prospectus; and

(d) the particulars of the exemption will be set out in this prospectus which would be issued on or before October 29, 2019.

EXEMPTION FROM COMPLIANCE WITH FINANCIAL INFORMATION DISCLOSURE REQUIREMENTS UNDER THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

According to section 38(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, this prospectus shall include an accountant's report which contains the matters specified in the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

According to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Company is required to include in this 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 this prospectus as well as an explanation of the method used for the computation of such income or turnover and a reasonable breakdown of the more important trading activities.

According to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Company is required to include in this prospectus a report prepared by the Company's auditor with respect to profits and losses and assets and liabilities of the Company in respect of each of the three financial years immediately preceding the issue of this prospectus.

According to section 38A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from 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 is otherwise unnecessary or inappropriate.

According to Rule 4.04(1) of the Listing Rules, the Accountant's Report contained in this prospectus must include, inter alia, the results of the Company in respect of each of the three financial years immediately preceding the issue of this prospectus or such shorter period as may be acceptable to the Stock Exchange.

According to Rule 18A.06 of the Listing Rules, an eligible biotech company shall comply with Rule 4.04, modified so that references to "three financial years" or "three years" in that rule shall instead reference to "two financial years" or "two years", as the case may be.

Accordingly, we have applied to the SFC for, and the SFC has granted to us, a certificate of exemption from strict compliance with the requirements under 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 the particulars of the exemption will be set out in this prospectus which would be issued on or before October 29, 2019, on the following grounds:

(a) the Company is primarily engaged in the research and development, application and commercialization of biotech products, and falls within the scope of biotech company as defined under Chapter 18A of the Listing Rules;

(b) the Accountant's Report for each of the two financial years ended December 31, 2017 and 2018 and the four months ended April 30, 2019 has been prepared and is set out in Appendix I to this prospectus in accordance with Rule 18A.06 of the Listing Rules;

(c) as of the Latest Practicable Date, we had not commercialized any self-developed product and therefore generated minimal revenue. The details of our major activities have been fully disclosed in the section headed "Business" in this prospectus;

(d) notwithstanding that the financial results set out in this prospectus are only for the two financial years ended December 31, 2017 and 2018 and the four months ended April 30, 2019 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 prospectus pursuant to the relevant requirements; and

(e) given that the Company is only required to disclose its financial results for each of the two financial years ended December 31, 2017 and 2018 and the four months ended April 30, 2019 under Chapter 18A of the Listing Rules and preparation of the financial results for the year ended December 31, 2016 would require additional work to be performed by the Company and its auditors, it will be unduly burdensome for the Company to comply with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance as stated above.

The Company is of the view that the Accountant's Report covering the two years ended December 31, 2017 and 2018 and the four months ended April 30, 2019, together with other disclosure in this prospectus, has already provided the potential investors with adequate and reasonably up-to-date information in the circumstances to form a view on the track record of the Company; and our Directors confirm that all information which is necessary for the investing public to make an informed assessment of the business, assets and liabilities, financial position, management and prospects has been included in this prospectus. Therefore, the exemption would not prejudice the interests of the investing public.

WAIVER AND CONSENT IN RELATION TO THE SUBSCRIPTION FOR OFFER SHARES BY EXISTING SHAREHOLDERS AS CORNERSTONE INVESTORS

As of the Latest Practicable Date, Centerlab was a Controlling Shareholder of the Company that held 37.18% of the total issued share capital of the Company immediately before the Global Offering, and Vivo Capital was a substantial shareholder of the Company which held 19.02% of the total issued share capital of the Company immediately before the Global Offering. Each of Centerlab and Vivo Capital have entered into a cornerstone investment agreement with us, pursuant to which each of Centerlab and Vivo Capital has agreed to, subject to certain conditions, acquire at the Offer Price a certain number of our Shares.

Rule 9.09 of the Listing Rules provides that there must be no dealing in the securities for which listing is sought by any core connected person of an issuer (except as permitted by Rule 7.11 of the Listing Rules) from 4 clear business days before the expected hearing date until listing is granted.

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of an issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new listing applicant either in his or its own name or through nominees if the conditions set out in Rules 10.03(1) and (2) of the Listing Rules are fulfilled, namely (i) that no securities are offered to them on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and (ii) that the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

Paragraph 5(2) of Appendix 6 to the Listing Rules provides that no allocations will be permitted to directors or existing shareholders of a listing applicant or their close associates, whether in their own names or through nominees, unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules as set out above are fulfilled, without the prior written consent of the Stock Exchange.

According to the Guidance Letter HKEX-GL85-16 issued in January 2016 and updated in February 2018 by the Stock Exchange, a listing applicant's existing shareholders or their close associates are permitted to participate either as cornerstone investors or as placees in an initial public offering, subject to the satisfaction of certain conditions set out therein and the giving of certain confirmations by the relevant parties.

As further described in the section headed "Cornerstone Investors" of this prospectus, Centerlab and Vivo Capital (collectively, the "**Relevant Cornerstone Investors**") have entered into cornerstone investment agreements with the Company. Centerlab is a Controlling Shareholder of the Company and Vivo Capital is a substantial shareholder of the Company. Therefore, Centerlab and Vivo Capital are core connected persons of the Company.

We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with Rules 9.09 of the Listing Rules to permit the Relevant Cornerstone Investors to participate in the Global Offering as Cornerstone Investors, subject to the following conditions:

(a) the Company will comply with the public float requirements under Rules 8.08(1) and 18A.07 of the Listing Rules;

(b) the Offer Shares to be subscribed for by and allocated to each of the Relevant Cornerstone Investors will be at the same Offer Price and on substantially the same terms as the remaining Cornerstone Investor which is not an existing Shareholder (including being subject to a six-month lock-up period following the Listing, other than Centerlab which will be subject to a twelve-month lock-up period following the Listing as Centerlab is and will continue to be a Controlling Shareholder of the Company); and

(c) details of the allocation of Offer Shares to each of the Relevant Cornerstone Investors will be disclosed in the allotment results announcement of the Company.

We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with Rule 10.04 of the Listing Rules and consent under paragraph 5(2)of Appendix 6 to the Listing Rules to permit the Relevant Cornerstone Investors to participate in the Global Offering as Cornerstone Investors, subject to the following conditions:

(a) the Company will comply with the public float requirements under Rules 8.08(1) and 18A.07 of the Listing Rules;

(b) the Offer Shares to be subscribed for by and allocated to each of the Relevant Cornerstone Investors will be at the same Offer Price and on substantially the same terms as the remaining Cornerstone Investor which is not an existing Shareholder (including being subject to a six-month lock-up period following the Listing, other than Centerlab which will be subject to a twelve-month lock-up period following the Listing as Centerlab is and will continue to be a controlling shareholder of the Company);

(c) no preferential treatment has been or will be given to any of the Relevant Cornerstone Investors by virtue of its relationship with the Company in any allocation of Offer Shares in the International Offering other than the preferential treatment of assured entitlement under the relevant cornerstone investment agreement; and

(d) details of the allocation of Offer Shares to each of the Relevant Cornerstone Investors will be disclosed in the allotment results announcement of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to us. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor and any of the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

The Listing is sponsored by the Sole Sponsor and the Global Offering is managed by the Joint Global Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to us and ICBCI Capital (for itself and on behalf of the Underwriters) agreeing on the Offer Price. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or around the Price Determination Date.

If, for any reason, the Offer Price is not agreed among us and ICBCI Capital (for itself and on behalf of the Underwriters), the Global Offering will not proceed and will lapse. For full information about the Underwriters and the underwriting arrangements, please see the section headed "Underwriting" in this prospectus.

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

PROCEDURES FOR APPLICATION FOR THE HONG KONG OFFER SHARES

The procedures for applying for the Hong Kong Offer Shares are set forth in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and in the Application Forms.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set forth in the section headed "Structure of the Global Offering" in this prospectus.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-Allotment Option and stabilization are set forth in the section headed "Structure of the Global Offering" in this prospectus.

RESTRICTIONS ON OFFERS AND SALES OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING OF THE SHARES ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue prior to completion of the Global Offering and those to be issued pursuant to the Global Offering (including the Over-Allotment Option) and the Pre-IPO Share Option Scheme.

No part of our equity or debt securities is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on November 8, 2019. The Shares will be traded in board lots of 400 Shares each. The stock code of the Shares will be 1875.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisers for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the Shares or exercising any rights attaching to the Shares. We emphasize that none of our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, the Shares or your exercise of any rights attaching to the Shares.

REGISTER OF MEMBERS AND STAMP DUTY

Our register of members will be maintained by Tricor Investor Services Limited, the Share Registrar. All Shares issued pursuant to applications made in the Global Offering will be registered on our register of members to be maintained by the Share Registrar. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Share Registrar.

Dealings in our Shares registered on our register of members will be subject to Hong Kong stamp duty. The stamp duty is charged to each of the seller and purchaser at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the Shares transferred. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of the Shares. In addition, a fixed duty of HK$5 is charged on each instrument of transfer (if required).

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in HK$, NT$ and RMB have been translated, for the purpose of illustration only, into each other in this prospectus at the following exchange rates:

HK$1.0000 : RMB0.90136 (set by the PBOC for foreign exchange transactions prevailing on October 21, 2019)

HK$0.2566 : NT$1.0000 (the mid-point of the selling and buying rate of the Hong Kong Association of Banks on October 21, 2019)

No representation is made that any amounts in HK$, NT$ or RMB were or could have been or could be converted into each other at such rates or any other exchange rates on such date or any other date.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail, provided that if there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC or Taiwan mentioned in this prospectus and their English translations, the Chinese names shall prevail. The English translations of the Chinese names of such PRC or Taiwanese entities or enterprises are provided for identification purposes only.

OTHERS

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-Allotment Option is not exercised.

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Ms. Yeh-Huang, Chun-Ying (黃純瑩女士)	4th Floor, No. 48 Lane 196, Xiangyang Road Neighborhood 9, Chongyangli Nangang District Taipei City Taiwan	Taiwanese
Dr. Liu, Jun (劉軍博士)	No. 4, Gate 1, Building 28 Xili, Yuetan West Street Xicheng District Beijing PRC	Chinese
Non-executive Directors		
Mr. Fu, Shan (付山先生)	Flat D, 9th Floor, Block 7 The Visionary 1 Ying Hong Street Tung Chung New Territories Hong Kong	Chinese
Dr. Kung, Frank Fang-Chien (孔繁建博士)	1 Knoll Vista, Atherton CA 94027-6470 USA	American
Mr. Kang, Pei (康霈先生)	N100 1 Longdong Avenue Pudong New District Shanghai PRC	Taiwanese
Mr. Qiu, Yu Min (裘育敏先生)	401 Gate 8, Building No. 2 Area No. 1, Fugui Garden Donghuashi Dongcheng District Beijing PRC	Canadian

Name	Residential Address	Nationality
Independent Non-executive Directors		
Ms. Hu, Lan (胡蘭女士)	No. 321, Gate 3, 1st Floor Xili Jia, Baiyun Road Xicheng District Beijing PRC	Chinese
Dr. Sun, Lijun Richard (孫利軍博士)	148 Depot Road Harvard, MA 01451-1320 USA	American
Mr. Chang, Hong-Jen (張鴻仁先生)	12th Floor, No. 390 Section 4, Ren-Ai Road Da-An District Taipei City Taiwan	Taiwanese

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**ICBC International Capital Limited** 37/F ICBC Tower 3 Garden Road Hong Kong
Joint Global Coordinators	**ICBC International Capital Limited** 37/F ICBC Tower 3 Garden Road Hong Kong
	Yuanta Securities (Hong Kong) Company Limited 23/F, Tower 1, Admiralty Center 18 Harcourt Road Admiralty Hong Kong
Joint Bookrunners	**ICBC International Capital Limited** 37/F ICBC Tower 3 Garden Road Hong Kong

Yuanta Securities (Hong Kong) Company Limited
23/F, Tower 1, Admiralty Center
18 Harcourt Road
Admiralty
Hong Kong

China Renaissance Securities (Hong Kong) Limited
Units 8107-08, Level 81, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

China Everbright Securities (HK) Limited
24/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Joint Lead Managers

ICBC International Securities Limited
37/F ICBC Tower
3 Garden Road
Hong Kong

Yuanta Securities (Hong Kong) Company Limited
23/F, Tower 1, Admiralty Center
18 Harcourt Road
Admiralty
Hong Kong

China Renaissance Securities (Hong Kong) Limited
Units 8107-08, Level 81, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

China Everbright Securities (HK) Limited
24/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Luk Fook Securities (HK) Limited
Units 2201-2207 & 2213-2214
22nd Floor, Cosco Tower
183 Queen's Road Central
Hong Kong

Co-Lead Manager	**Head & Shoulders Securities Limited** Room 2511, 25/F, COSCO Tower 183 Queen's Road Central Hong Kong
Legal Advisers to our Company	*As to Hong Kong and U.S. laws:* **Sullivan & Cromwell (Hong Kong) LLP** 28th Floor Nine Queen's Road Central, Hong Kong *As to Taiwan laws:* **Lee and Li, Attorneys-at-Law** 8F, No. 555, Section 4, Zhongxiao East Road, Taipei, Taiwan *As to PRC laws:* **King & Wood Mallesons** 17th Floor, One ICC, Shanghai ICC 999 Middle Huai Hai Road Xuhui District, Shanghai 200031, PRC
Legal Advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong and U.S. laws:* **Herbert Smith Freehills** 23/F, Gloucester Tower 15 Queen's Road Central Hong Kong *As to PRC laws:* **Tian Yuan Law Firm** 10/F China Pacific Insurance Plaza 28 Fengsheng Hutong Xicheng District Beijing, China
Auditor and Reporting Accountant	**PricewaterhouseCoopers** *Certified Public Accountants* 22/F, Prince's Building Central Hong Kong
Industry Consultant	**Frost & Sullivan International Limited** 1706, One Exchange Square 8 Connaught Place Central Hong Kong

Property Valuer	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 7th Floor, One Taikoo Place 979 King's Road Hong Kong
Compliance Adviser	**Somerley Capital Limited** 20th Floor, China Building 29 Queen's Road Central Hong Kong
Receiving Bank	**Bank of China (Hong Kong) Limited** Bank of China Tower 1 Garden Road Hong Kong

Registered Office	Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Headquarters and Principal Place of Business in the PRC	120 Changyang Street Suzhou Industrial Park Suzhou PRC
Company Website	www.totbiopharm.com.cn *(information contained in this website does not form part of this prospectus)*
Joint Company Secretaries	Mr. Yao, Jau-Chang (姚朝昶先生) 6th Floor, No. 8, Lane 39 Tianyu Street Shilin District Taipei City Taiwan Mr. Lui, Wing Yat Christopher (呂穎一先生) *(Associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom)* Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Authorized Representatives	Ms. Yeh-Huang, Chun-Ying (黃純瑩女士) 4th Floor, No. 48 Lane 196, Xiangyang Road Neighborhood 9, Chongyangli Nangang District Taipei City Taiwan Mr. Lui, Wing Yat Christopher (呂穎一先生) Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Audit and Connected Transactions Review Committee	Ms. Hu, Lan (胡蘭女士) *(Chairlady)* Mr. Qiu, Yumin (裘育敏先生) Mr. Chang, Hong-Jen (張鴻仁先生)

Remuneration Committee	Mr. Chang, Hong-Jen (張鴻仁先生) *(Chairman)* Mr. Kang, Pei (康霈先生) Dr. Sun, Lijun Richard (孫利軍博士)
Nomination Committee	Mr. Fu, Shan (付山先生) *(Chairman)* Ms. Hu, Lan (胡蘭女士) Dr. Sun, Lijun Richard (孫利軍博士)
Strategy Committee	Mr. Fu, Shan (付山先生) *(Chairman)* Ms. Yeh-Huang, Chun-Ying (黃純瑩女士) Dr. Liu, Jun (劉軍博士) Mr. Chang, Hong-Jen (張鴻仁先生) Dr. Sun, Lijun Richard (孫利軍博士)
Share Registrar	**Tricor Investor Services Limited** Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Principal Banks	**Shanghai Pudong Development Bank** Industrial Park of Suzhou Branch NO.163 Xinghai Street Suzhou PRC **Bank of China** Suzhou Industrial Park Branch No.8 Suzhou Avenue West Suzhou PRC

The information presented in this section, including certain facts, statistics and data, is derived from various official government publications and other publications and from a market research report prepared by Frost & Sullivan, which was commissioned by us, unless otherwise indicated. We believe that these sources are appropriate for such information and we have taken reasonable care in extracting and reproducing such information. Therefore, we have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. However, the information has not been independently verified by our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering (excluding Frost & Sullivan) and no representation is given as to its accuracy. The information and statistics may not be consistent with other information and statistics compiled within or outside of China.

SOURCE OF INFORMATION

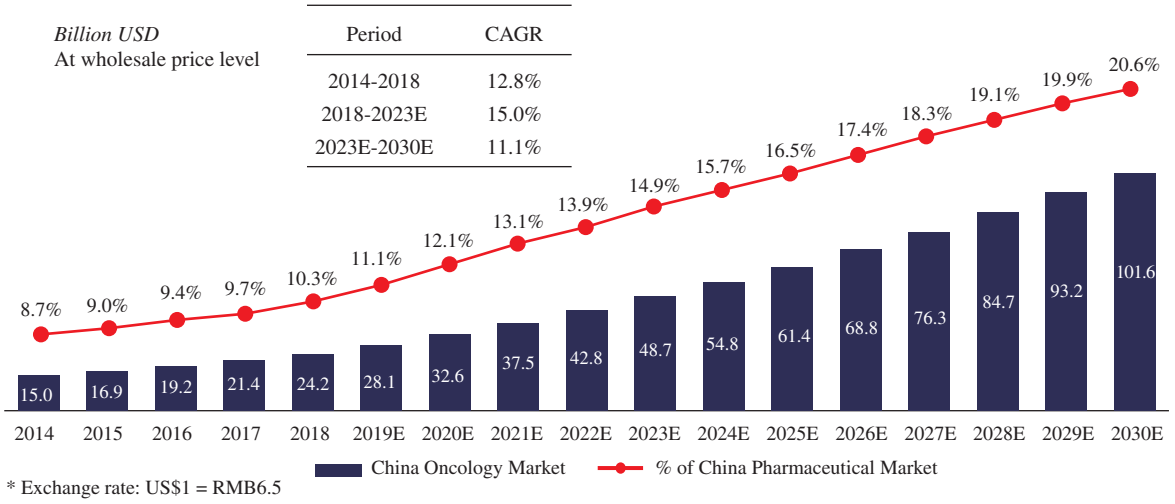
In connection with the Global Offering, we have commissioned Frost & Sullivan, an Independent Third Party, to conduct an analysis of, and to report on, the PRC pharmaceutical market with a focus on the oncology drug market, the biologics market and the small molecular oncology drug market. The report we commissioned, or the Frost & Sullivan Report, has been prepared by Frost & Sullivan independent of our influence. The fee payable to Frost & Sullivan for preparing the Frost & Sullivan Report is HK$682,000, which we consider reflects market rates for similar services. Frost & Sullivan is an independent global market research and consulting company which was founded in 1961 and is based in the United States. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries. We have included certain information from the Frost & Sullivan Report in this prospectus because we believe this information facilitates an understanding of this market for potential investors. Frost & Sullivan has been covering the China market from its offices in China since the 1990's.

The Frost & Sullivan Report that we commissioned includes information on the PRC pharmaceutical market, certain segments thereof and other market and economic data, which have been quoted in this prospectus. The Frost & Sullivan Report is based on its in-house database, third-party reports and publicly available data from reputable industry organizations. To prepare the Frost & Sullivan Report, Frost & Sullivan also conducted analysis on projected figures based on historical data, macroeconomic data and specific industry related drivers, and reviewed WHO guidance and company annual reports of companies listed in the PRC and overseas.

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan has adopted the following assumptions: (i) the social, economic and political environments of the PRC will remain stable during the forecast period, which will ensure a sustainable and steady development of the PRC pharmaceutical market; (ii) the PRC pharmaceutical market will grow as expected due to rising healthcare demand and supply; (iii) the PRC government will continue to support healthcare reform; and (iv) the exchange rate of Renminbi against the U.S. dollar will remain stable during the forecast period. Except as otherwise noted, all the data and forecasts in this section are derived from the Frost & Sullivan Report. Our Directors confirm that, after taking reasonable care, they are not aware of any adverse change in the market information that would qualify, contradict or have a material impact on such information since the date of the Frost & Sullivan Report.

CHINA'S ONCOLOGY DRUG MARKET

China's oncology drug market has grown rapidly in recent years. Revenue of oncology drugs in China grew from US$15.0 billion in 2014 to US$24.2 billion in 2018, representing a CAGR of 12.8%. It is expected to further grow to US$48.7 billion in 2023, at a CAGR of 15.0% from 2018, and to US$101.6 billion in 2030 at a CAGR of 11.1% from 2023, outpacing the growth and representing an increasing percentage of China's overall pharmaceutical market, as shown in the following chart:

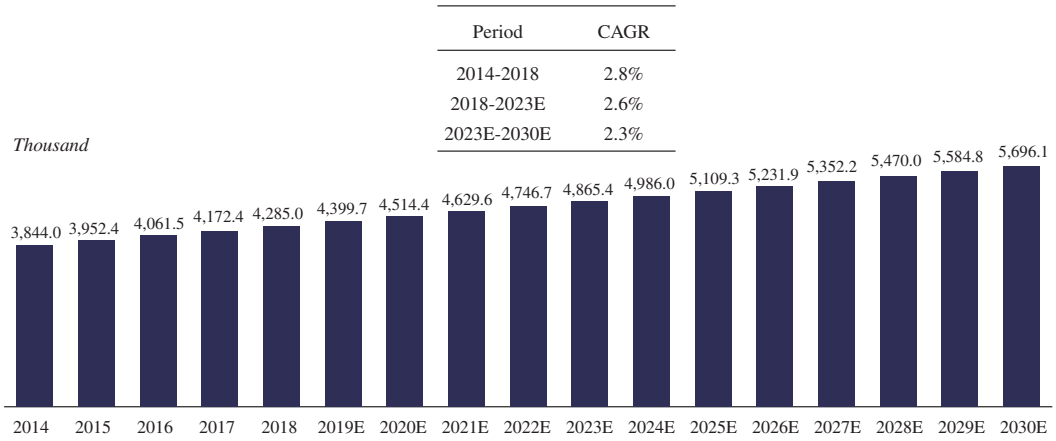


Source: Frost & Sullivan Report

According to Frost & Sullivan, while competition in China's oncology drug market is fierce, companies with in-house capabilities throughout the entire industry value chain of oncology drug development, including drug discovery, process development, clinical development, quality control and assurance and commercialization, are better positioned to capture the growth potential of this market.

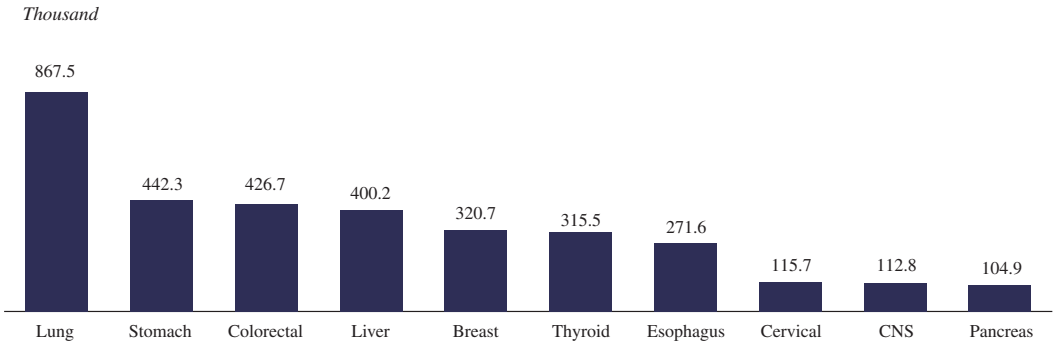
Epidemiology of Cancer in China

China's cancer incidence grew from 3.8 million in 2014 to 4.3 million in 2018, representing a CAGR of 2.8%, compared to a CAGR of 2.5% and 1.0% of the world's and the United States' cancer incidence, respectively, over the same period. It is expected to further increase to 4.9 million in 2023, representing a CAGR of 2.6% between 2018 and 2023, compared to a projected CAGR of 2.5% and 0.7% of the world's and the United States' cancer incidence, respectively, over the same period. The following chart sets forth the historical and projected cancer incidence in China for the periods indicated:



Source: Frost & Sullivan Report

In 2018, China reported 0.9 million new cases of lung cancer, more than any other type of cancer and accounting for 41.4% of new cases of lung cancer worldwide. The following chart sets forth the 10 most prevalent types of cancer in 2018 in China as measured by the number of new cases reported:



Source: Frost & Sullivan Report

The overall five-year survival rate of oncology patients was 40.5% in China in the period from 2012 through 2015 and 67.1% in the United States in the period from 2009 through 2015, respectively. According to Frost & Sullivan, the difference was primarily due to wider application of more advanced therapies, such as biologics and small molecularly targeted drugs, in the United States.

Comparison of Oncology Drug Use in China and the United States

Oncology drugs primarily consist of biologics, such as mAbs, and chemical drugs, which principally comprise small molecular drugs, including small molecularly targeted drugs and chemotherapy drugs. According to Frost & Sullivan, biologics and small molecularly targeted drugs, with better efficacy and lower toxicity than chemotherapy drugs, are considered more advanced treatments. The following chart sets forth the top ten oncology drugs in China and the United States in terms of sales revenue in 2018:

Rank	Generic Name	Market Size (Billion RMB) in China	Category
1	Paclitaxel	4.1	Chemotherapy Drug
2	Pemetrexed	3.5	Chemotherapy Drug
3	Trastuzumab	3.2	Biologic
4	Bevacizumab	3.2	Biologic
5	Docetaxel	3.0	Chemotherapy Drug
6	Tegafur Gimeracil Oteracil Potassium	3.1	Chemotherapy Drug
7	Imatinib	3.0	Small-molecularly Targeted Drug
8	Rituximab	2.5	Biologic
9	Osimertinib	2.5	Small-molecularly Targeted Drug
10	Capecitabine	2.4	Chemotherapy Drug

Rank	Generic Name	Market Size (Billion USD) in US	Category
1	Lenalidomide	6.5	Small Molecularly Targeted Drug
2	Rituximab	4.4	Biologic
3	Nivolumab	4.2	Biologic
4	Pembrolizumab	4.2	Biologic
5	Pegfilgrastim	3.9	Biologic
6	Trastuzumab	3.0	Biologic
7	Ibrutinib capsules	3.0	Small-molecularly Targeted Drug
8	Bevacizumab	3.0	Biologic
9	Palbociclib	2.9	Small-molecularly Targeted Drug
10	Denosumab	2.8	Biologic

Source: Frost & Sullivan Report

While the top 10 oncology drugs in the United States in 2018 are either biologics or small molecularly targeted drugs, five out of the top 10, including four of the top six, oncology drugs in China in 2018 are chemotherapy drugs, indicating significant growth potential for biologics and small molecularly targeted drugs in China. In addition, three of the top 10 oncology drugs in the United States in 2018, namely nivolumab, palbociclib and pembrolizumab, were recently approved in China in 2018, suggesting the beginning of a paradigm shift toward biologics and small molecularly targeted drugs in China's oncology drug market.

Trends in China's Oncology Drug Market

Managing Cancer as a Chronic Disease

As treatments become more sophisticated and oncology patients live longer, cancer is increasingly viewed as a chronic disease that requires attention to not just treatment but also detection and rehabilitation. According to Frost & Sullivan, there is increasing demand for more advanced screening methods, such as gene sequencing and imaging detection, and rehabilitation solutions, such as special nutritional support, cachexia treatment and comorbidity treatment.

Expanding Combination Therapies

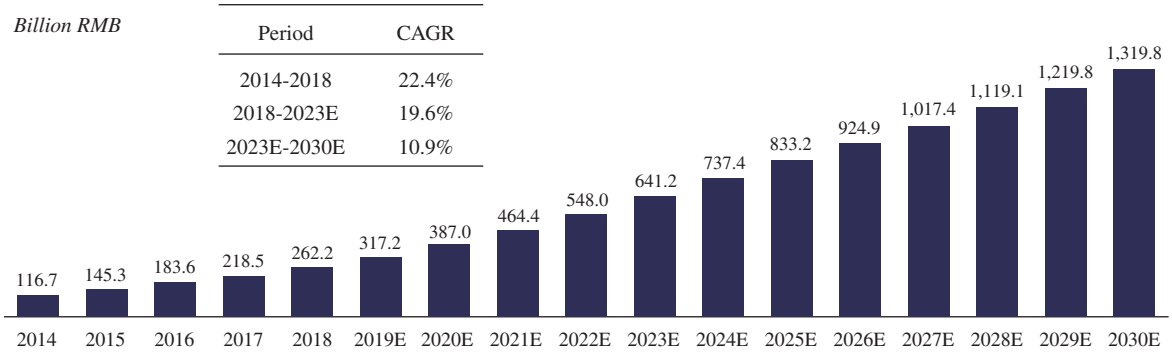
Combination therapies use more than one medication or modality to treat a single disease. Compared with conventional monotherapies, which applies only one medication or modality, combination therapies generally have greater efficacy, cause fewer side-effects and are less likely to induce drug resistance.

Reimbursement of Oncology Drugs in China

Historically, in terms of cancer treatment, only chemotherapy drugs were included in National Reimbursement Drug List, or the NRDL, and the biologics market was essentially a self-pay market, but the PRC government has made significant efforts to enhance the affordability of biologics. The latest version of the NRDL, issued in February 2017, allowed for inclusion of more expensive oncology drugs. In July 2017, 36 innovative, patented drugs were incorporated into the List B catalogue after price negotiations with the PRC government, half of which were oncology drugs, including five oncology biologics such as Roche's rituximab (MabThera/Rituxan) and bevacizumab (Avastin). As a result of negotiations with the PRC government, prices of these 36 drugs have decreased by 44% on average, with the largest price reduction exceeding 60%. In 2018, 17 oncology-focused drugs were added to the NRDL. As more biologics are listed in the NRDL, the affordability of biologics is expected to increase, thus allowing greater market access. Given the PRC government's increasing attention on significant public health issues, it is expected that more innovative drugs will be included in the NRDL. In addition, the price gap between biosimilars and the originator drug is expected to help biosimilars gain access to the NRDL and reach a broader patient group that cannot afford or is unwilling to pay for originator drugs.

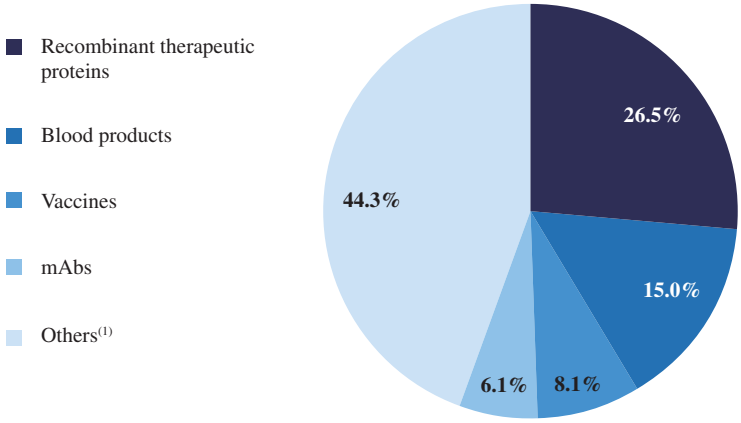
CHINA'S BIOLOGICS MARKET

China's biologics market reached RMB262.2 billion in 2018. Driven by the increasing affordability of biologics and an growing patient pool, this market is expected to further grow to RMB641.2 billion in 2023, at a CAGR of 19.6% from 2018, and to RMB1,319.8 billion in 2030, at a CAGR of 10.9% from 2023, as shown in the following chart:



Source: Frost & Sullivan Report

The following chart sets forth a breakdown of China's biologics market by category in 2018:

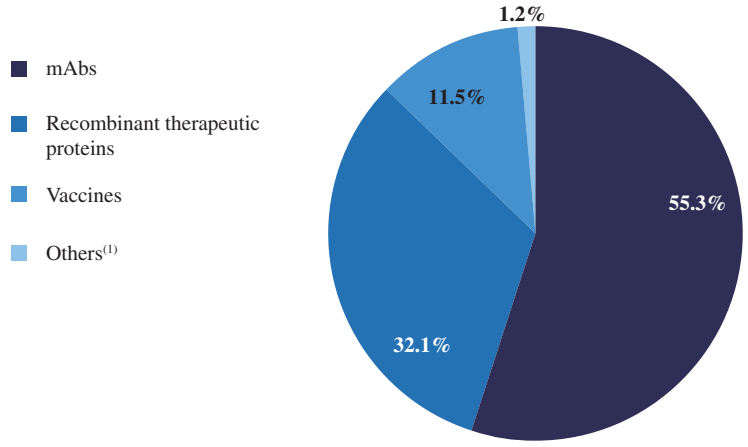


Note:

(1) Including immuno serum, in vitro immunological reagents and cytokines etc.

Source: Frost & Sullivan Report

The following chart sets forth a breakdown of the global biologics market by category in 2018:



Note:

(1) Including bi-specific, ADC and CAR-T and cytokines etc.

Source: Frost & Sullivan Report

In 2018, mAbs represented 6.1% of China's biologics market and 55.3% of the global biologics market, respectively, indicating significant growth potential for mAbs in China's biologics market.

Growth Drivers of China's Biologics Market

A Growing Oncology Patient Population

China's cancer incidence grew from 3.8 million in 2014 to 4.3 million in 2018, representing a CAGR of 2.8%. It is expected to further increase to 4.9 million in 2023, representing a CAGR of 2.6% between 2018 and 2023. In particular, in 2018, China reported 0.9 million new cases of lung cancer, more than any other type of cancer. Many biologics, such as mAbs, have proved to have superior efficacy for cancer treatment, resulting in growing acceptance among patients and doctors, which further stimulates demand.

Increasing Investment

The pharmaceutical industry, especially the biologics industry, is capital-intensive and requires heavy investment in both research and development and manufacturing facilities. Capital investment in China's pharmaceutical industry in 2018 reached US$4.8 billion, providing much-needed capital support.

Favorable Policies

The PRC government has established a set of regulations and policies to support the development of China's biologics market. Notably, in October 2017, the General Office of the CPC Central Committee and the General Office of the State Council issued the Opinions on Deepening the Reform of the Evaluation and Approval Systems and Encouraging Innovation on 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》), which aims to improve the regulatory regime for the biologics industry, encourage technological innovation for new drugs and enhance the

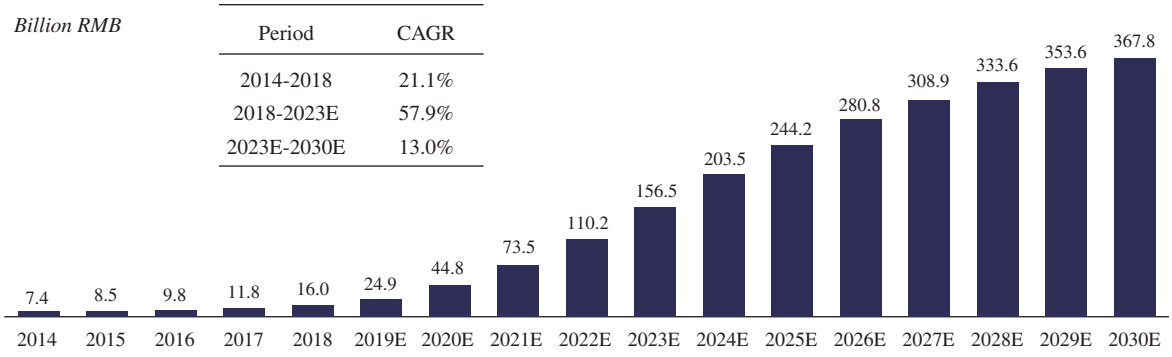
competitiveness of the biologics industry. See "Regulatory Overview" for more information. Also, as a result of the series of favorable policies, the NMPA has accelerated the review and approval process for innovative drugs. Biologics NDAs approved by the NMPA increased from 16 in 2013 to 29 in 2017, while biologics INDs approved increased from 78 to 227 over the same period. Oncology drug candidates accounted for 41.7% of the 187 therapeutic biologics INDs approved in 2017.

Increasing Affordability

Chinese residents' average disposable income has grown rapidly, increasing from RMB20,167 in 2014 to RMB28,228 in 2018. This trend is expected to increase, enhancing Chinese residents' ability and willingness to pay for more expensive medical treatments, particularly those for life-threatening diseases. In addition, recent reforms in government-sponsored medical insurance schemes have lowered the cost of biologics to Chinese residents. See "— China's Oncology Drug Market — Reimbursement of Oncology Drugs in China" for details.

Overview of China's mAbs Market

China's mAbs market only accounted for 6.1% of China's biologics market in 2018. With the increasing availability of biosimilars and new mAb launches, China's mAbs market is expected to grow to RMB156.5 billion in 2023, representing a CAGR of 57.9% from 2018 and significantly outpacing the growth of China's biologics market during the same period. The following chart sets forth the historical and projected size of China's mAbs market for the periods indicated:

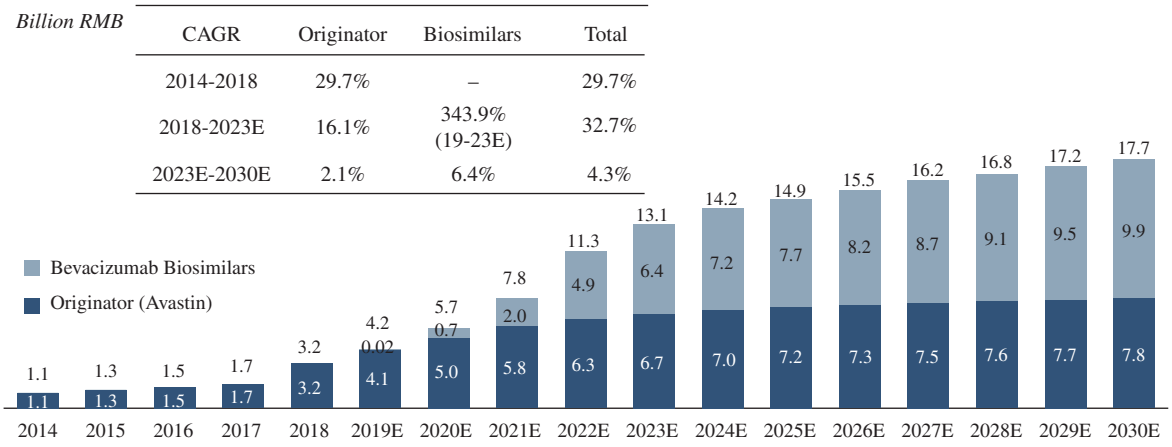


Source: Frost & Sullivan Report

Overview of China's Bevacizumab Market

Vascular endothelial growth factor, or VEGF, is a growth factor protein that induces blood vessel growth. Bevacizumab is an anti-VEGF mAb commonly used to treat cancers. Avastin, the originator bevacizumab product developed by Roche, recorded worldwide sales of US$7.0 billion in 2018. Avastin has been the most widely used anti-VEGF mAb drug with abundant real-world evidence of its efficacy and safety since its entry into the market in 2004. Avastin's approved indications in China are mCRC and nsNSCLC. The combined incidence of these two indications in China was 625,800 in 2018 and is expected to grow to 708,600 by 2023. Upon the expiry of the patents on Avastin, bevacizumab biosimilars are expected to enter the market and bring about rapid market growth. The following chart sets forth the historical and projected size of China's bevacizumab market, comprising Avastin and its biosimilars for

the treatment of the approved indications in the PRC, namely mCRC and nsNSCLC, for the periods indicated:



Source: Frost & Sullivan Report

See "Business — Our Drug Candidates — Our Core Product — Market Opportunity and Competition" for an overview of the competitive landscape of China's bevacizumab market.

Entry Barriers to China's Bevacizumab Biosimilar Market

The main factors deterring the new entrants to compete in China's bevacizumab market are set forth below:

- ***Professional Talents.*** To develop and commercialize biosimilars, a biotech company is required to establish a well-trained team to fulfil stringent biosimilar regulations, navigate the regulatory process as well as plan and execute marketing activities after getting approval.

- ***Diversified Product Portfolio.*** It is necessary for a biotech company to have a diversified product portfolio to mitigate the risk of price erosion in the fierce competition. With a well-organized portfolio, a biotech company can benefit from synergic effects in clinical development, regulatory approval process and sales activities, which will render savings on budget and time. New market players, however, have to take higher risks and costs in the beginning of their business with a limited number of products.

- ***Heavy Investment.*** The research, development and manufacturing of biosimilars requires a large amount of upfront investment. Given biosimilars are normally facing intensive price competition, upfront investment burdens the new market players.

Growth Drivers of China's Bevacizumab Market

In addition to those enumerated in "— China's Biologics Market — Growth Drivers of China's Biologics Market", the growth of China's bevacizumab market is driven by the following factors.

Growing Patient Population of mCRC and nsNSCLC

The combined incidence of mCRC and nsNSCLC, Avastin's approved indications in China, was 625,800 in 2018 and is expected to grow to 708,600 by 2023, thus driving market growth.

Increasing Market Penetration with Price Reduction

Avastin was included in the latest version of the NRDL issued in February 2017 following price-negotiations with the PRC government that reduced its price to RMB1,998/100mg. Avastin's sales revenue, which grew steadily from RMB1.1 billion in 2014 to RMB1.7 billion in 2017, increased significantly to RMB3.2 billion in 2018 after inclusion into the NRDL despite an approximate 60% price cut-off, according to Frost & Sullivan. This reflects the rapid market expansion due to the patients' improved affordability, which was in turn a result of the price reduction. In addition, the patents on Avastin will expire in 2019, upon which a large number of bevacizumab biosimilars are expected to enter the market and further drive down market price. The increasing market penetration is expected to continue to benefit manufacturers of bevacizumab, together with those of more affordable bevacizumab biosimilars, with sharp increase of the drug sales volume and revenue despite a reduction in the price. This trend is particularly beneficial to first movers of biosimilars given the originators have educated the market and established recognition among patients and physicians in terms of its efficacy and safety. They can leverage their advantages in pricing to penetrate patients who cannot afford or are unwilling to pay for the more expensive originators. As such, the first movers of biosimilars can quickly ramp up their products by establishing reputation and loyalty of prescriptions, and creating additional entry barriers to later entrants.

Potential Expansion of Indications

The initial FDA approval for bevacizumab in 2004 was limited to the treatment of mCRC. Since then, however, the FDA and the EMA have approved six and seven, respectively, more indications for bevacizumab. The combined incidence of the seven FDA- or EMA-approved indications of Avastin in China was 818,700 in 2018 and is expected to grow to 918,200 by 2023, according to Frost & Sullivan. The NMPA has so far approved two indications for bevacizumab, but, under the current favorable regulatory environment in China for biologics, more indications are expected to be approved, thus enlarging the potential patient pool for bevacizumab.

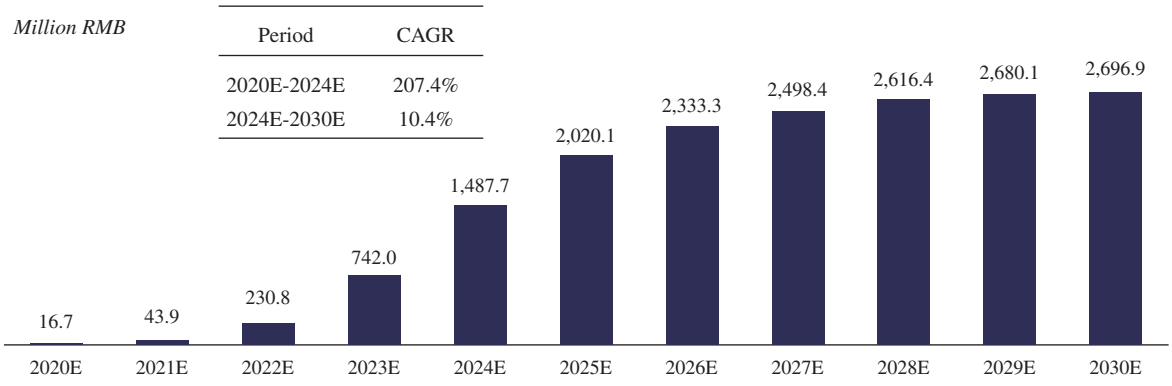
Emerging Combination Therapies

There is abundant clinical evidence indicating the superior efficacy of bevacizumab when used in combination with other therapies, such as the PC (paclitaxel and carboplatin) chemotherapy, PD-1/PD-L1 inhibitors therapy and tyrosine kinase inhibitors (TKIs) therapy. The development of combination therapies involving bevacizumab will be a significant driver of market demand for bevacizumab.

Overview of China's ADCs market

ADCs are complex molecules composed of an antibody linked to a biologically active cytotoxic agent, a targeted therapy designed to kill cancer cells and spare healthy cells. Such unique targeting capabilities and promising clinical trial results of ADCs have made them a promising treatment in the fight against cancer. In the United States, Kadcyla, an ADC drug containing trastuzumab and emtansine (Trastuzumab-MCC-DM1), is considered the standard second-line treatment for metastatic HER2+

breast cancer patients who received trastuzumab, pertuzumab and taxane in the first-line treatment. According to Frost & Sullivan, Kadcyla had worldwide sales of US$1.0 billion in 2018. There is currently no ADC product available in China, with the first product, Kadcyla, expected to launch in 2020 and 12 other products undergoing clinical trials. The incidence of HER2+ breast cancer in China was 27,900 in 2018 and is expected to grow to 31,600 by 2023. With several upcoming product launches beginning in 2020, China's market for ADC products that target HER2+ breast cancer is expected to enter a period of rapid growth. The following chart sets forth the projected size of this market for the periods indicated:



Source: Frost & Sullivan Report

There are various challenges on the development and manufacturing of ADC drugs. Specifically, as part of the development of ADCs, in the selection of specific antibody, the development of stable linker and selection of efficient cytotoxin needs accurate control, which requires high-level experts and research ability. Advanced analytical method and conjugation technology and optimal scale-up process are required in the manufacturing process. Also, the production facilities must be specifically designed for ADC manufacturing. These challenges need pharmaceutical companies to devote a large amount of time and money, leading to high entry barriers and relatively mild competition in this market. The following chart sets forth the filing status of ADC drug candidates containing the cytotoxin of emtansine DM1 in China as of the Latest Practicable Date, according to Frost & Sullivan:

Drug name	**Company**	**Filing Status in China**	**Relevant Filing Date***
TAA013	Our Group	Phase I	December 2018
Kadcyla	Roche	NDA	March 2019
B003/F0002-ADC	Shanghai Pharmaceuticals/ Fudan-Zhangjiang Bio-Pharmaceutical	Phase I	March 2019
HS630	Hisun	Phase I	June 2019
SHR-A1201	Hengrui	Phase I	August 2019

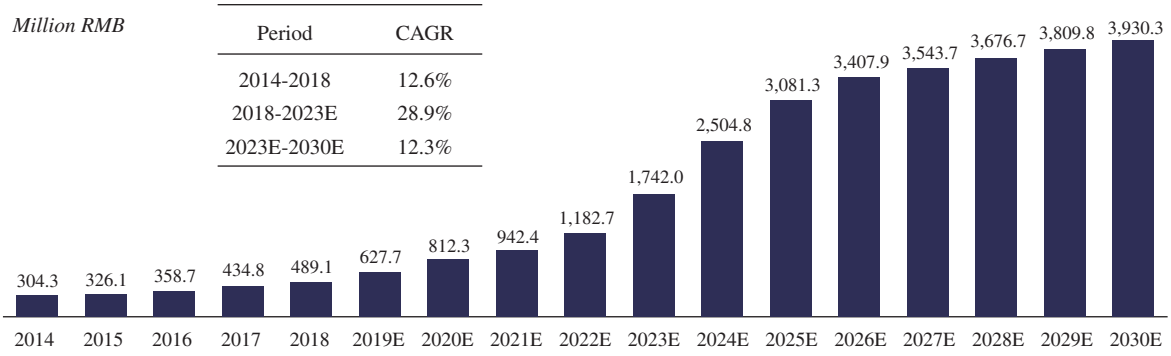
Source: Frost & Sullivan Report

** Denotes the date on which the relevant status was disclosed*

Overview of China's Nimotuzumab Market

Nimotuzumab is an mAb that targets the epidermal growth factor receptor (EGFR), a signaling protein that controls cell division, and is used to treat certain cancers that feature an overexpression of the

EGFR. The incidence of EGFR-positive advanced nasopharyngeal cancer reached 37,700 in 2018 and is expected to grow to 42,500 by 2023 at a CAGR of 2.5%. The incidence of EGFR-positive advanced esophageal cancer in China reached 143,000 in 2018 and is expected to grow to 167,000 by 2023 at a CAGR of 3.1%. Such trends, coupled with the inclusion of nimotuzumab in the NRDL in 2017, are expected to usher in a period of rapid growth for China's nimotuzumab market. The following chart sets forth the historical and projected size of China's market of nimotuzumab for treatment of nasopharyngeal cancer and esophageal cancer for the periods indicated:

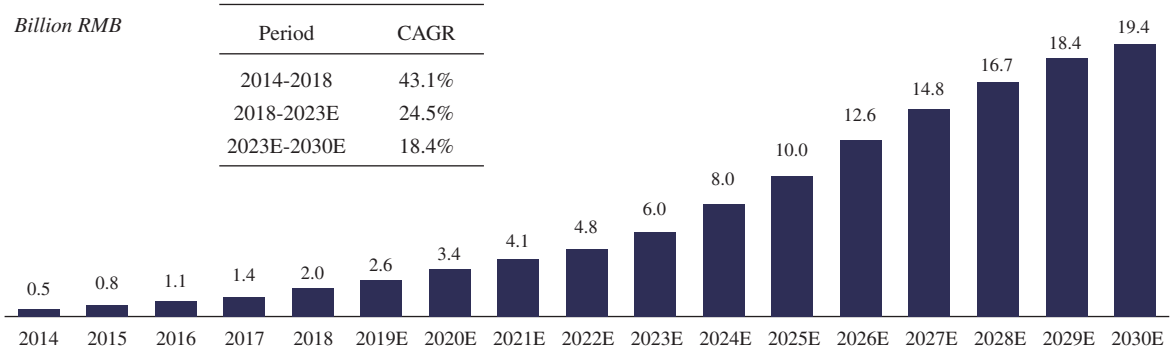


Source: Frost & Sullivan Report

In addition, the incidence of metastatic pancreatic cancer in China reached 83,900 in 2018 and is expected to grow to 98,600 by 2023 at a CAGR of 3.3%, according to Frost & Sullivan.

Overview of China's Market for Anti-VEGF mAbs as a Treatment for wAMD

Vascular endothelial growth factor, or VEGF, is a growth factor protein that induces blood vessel growth. In wAMD, the overexpression of VEGF causes abnormal blood vessels to grow beneath the macula and leak blood and fluid, leading to scarring and permanent visual impairment. By blocking the function of VEGF, anti-VEGF mAbs can be an effective treatment for wAMD. The incidence of wAMD in China grew from 3.0 million in 2014 to 3.5 million in 2018 at a CAGR of 3.8% and is expected to further grow to 4.1 million by 2023, representing a CAGR of 3.0% between 2018 and 2023. The following chart sets forth the historical and projected size of China's market for anti-VEGF mAbs as a treatment for wAMD for the periods indicated:



Source: Frost & Sullivan Report

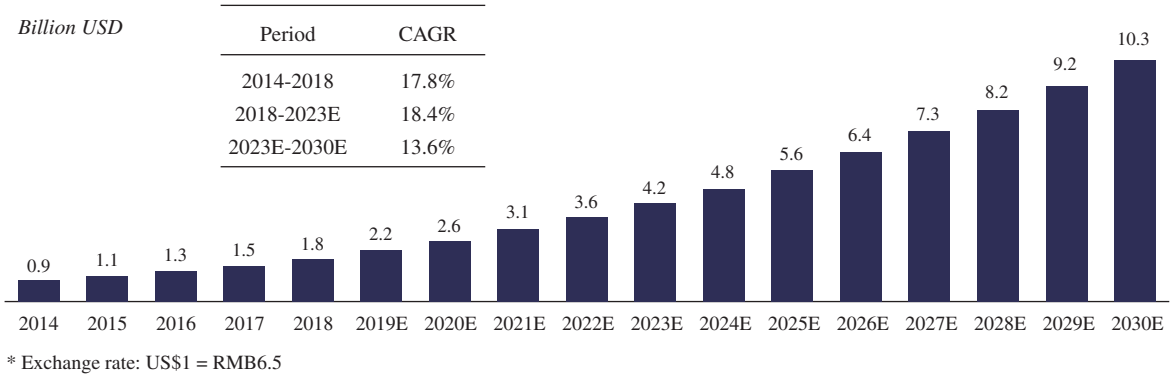
Overview of China's Oncolytic Virus Market

An oncolytic virus is a virus that can infect and kill cancer cells while leave normal cells undamaged. Although the oncolytic virotherapy has been investigated for several decades, only three

marketed oncolytic virus medications have been approved by national regulatory agencies globally. In China, four oncolytic virus drugs are undergoing clinical trials, with an increasing number of pharmaceutical companies are in the process of pre-clinical studies or preparing for INDs. Since oncolytic virus is a promising tool to regulate the immune system and local tumor micro environment, future application will focus on improving the systemic delivery of oncolytic viruses and increase their spread and persistence in tumor micro environment. This will enable oncolytic virotherapy to combine with immunotherapy such as checkpoint inhibitors anti-PD-1/PD-L1 monoclonal antibodies, resulting in a large growth potential for the oncolytic virus market.

CHINA'S SMALL MOLECULAR ONCOLOGY DRUG MARKET

China's small molecular oncology drug market reached US$1.8 billion in 2018, representing a CAGR of 17.8% from 2014 and outpacing the growth of China's overall oncology drug market over the same period. The following chart sets forth the historical and projected size of China's small molecular oncology drug market for the periods indicated:



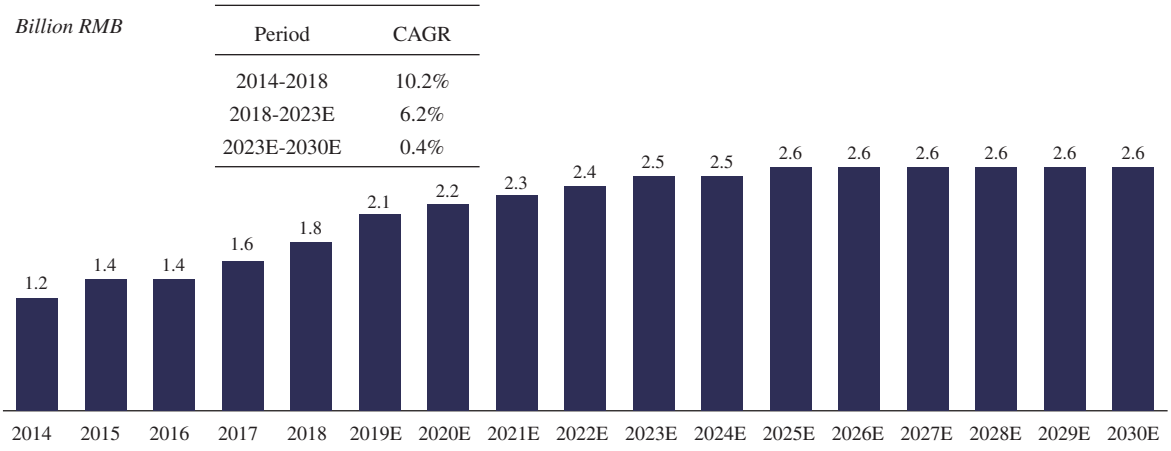
* Exchange rate: US$1 = RMB6.5

Source: Frost & Sullivan Report

Overview of China's Market for Temozolomide Capsules

Temozolomide is an alkylating agent commonly used to treat glioma. With improved efficacy and fewer side effects compared to conventional chemotherapy drugs, temozolomide capsules are today used as a first-line medication for both newly diagnosed and recurrent glioma.

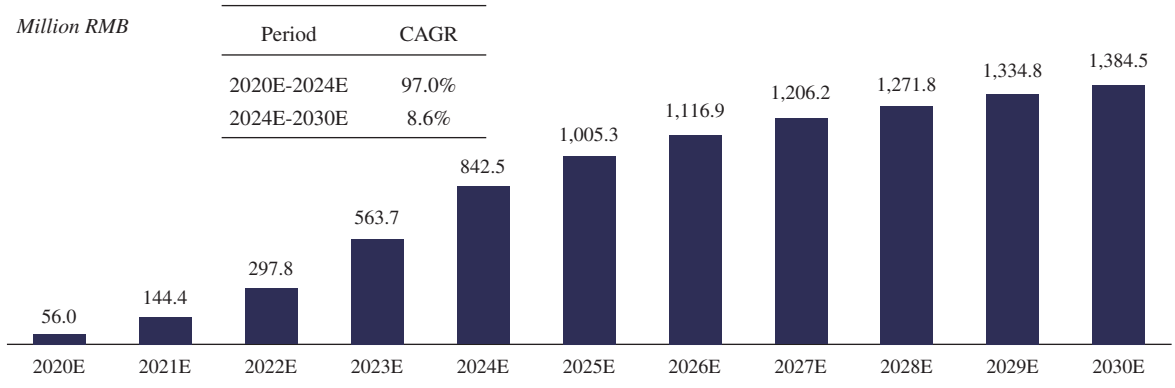
The price of temozolomide-based drugs has been on a steady decrease since their inclusion in the NRDL, and this trend is expected to continue, further driving market growth. The following chart sets forth the historical and projected size of China's market for temozolomide capsules for the periods indicated:



Source: Frost & Sullivan Report

Overview of China's Megestrol Acetate Oral Suspension Market

Megestrol acetate is a progestin medication that can be used to treat cachexia. Megestrol acetate is easier to absorb and has better tolerance in oral suspension than in solid dosage forms, but currently it is only available in solid dosage forms in China. The first megestrol acetate oral suspension product is expected to enter the market in 2020 and bring about rapid market growth. The following chart sets forth the projected size of China's megestrol acetate oral suspension market for the periods indicated:



Source: Frost & Sullivan Report

Overview of China's Liposome Delivery Drug Market

Using liposomes to deliver drugs is the first and the most popular novel drug delivery systems because it offers drugs novel characteristics, including specific-site targeting and sustained-release, which further improves safety and efficacy of drugs. These advantages and application of liposome expand the drug efficacy and reduce the side effects, promoting the dosage improvement in chemical drugs, especially in those systemic treatment drug such as chemotherapy drugs, which shows great potentials in cancer therapy with more selectivity, efficacy, and safety. Entry barriers to this market include (i) technical challenges in manufacturing process, such as the partical size, pyrogen control and solvent residual, which require precise control capacity of liposome delivery drugs production and long-term technology accumulation, and (ii) heavy investment on equipment and research and development. In China, there is a liposomal docetaxel drug candidate which has entered Phase I clinical stage and a liposomal oxaliplatin drug candidate undergoing CDE review, according to Frost & Sullivan.

RELEVANT LAWS AND REGULATIONS OF THE PRC

The following is a brief summary of the laws and regulations in the PRC that currently may materially affect the Group and its operations. The principal objective of this summary is to provide potential investors with an overview of the key laws and regulations applicable to the Group. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to the business and operations of the Group and/or which may be important to potential investors. Investors should note that the following summary is based on the laws and regulations in force as at the date of this prospectus, which may be subject to change.

Regulations on Company Establishment and Foreign Investment

Company Law

The establishment, operation and management of companies in China is governed by the PRC Company Law (中華人民共和國公司法), which was passed by the Standing Committee of the National People's Congress on December 29, 1993 and came into effect on July 1, 1994, and was revised or amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26 2018 respectively. The PRC Company Law applies to both the PRC domestic companies and foreign-invested companies, unless otherwise provided in the relevant foreign investment laws and regulations.

Regulations Relating to Foreign Investment

Investments in the PRC by foreign investors, particularly the establishment procedures, examination and approval procedures, registered capital, foreign exchange, taxation and labor matters of a wholly foreign-owned enterprise, are subject to the Wholly Foreign-Owned Enterprise Law of the PRC (中華人民共和國外資企業法), or the Wholly Foreign-invested Enterprise Law, promulgated on April 12, 1986, and amended on October 31, 2000 and September 3, 2016 respectively, the Detailed Implementing Rules for the Wholly Foreign-Owned Enterprise Law of the People's Republic China (中華人民共和國外資企業法實施細則) promulgated on December 12, 1990, and amended on April 12, 2001 and February 19, 2014 respectively, and the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises (外商投資企業設立及變更備案管理暫行辦法) promulgated on October 8, 2016, and amended or revised on July 30, 2017 and June 29, 2018 respectively.

Furthermore, investment activities in China by foreign investors are principally governed by the Guidance Catalogue of Industries for Foreign Investment (外商投資產業指導目錄), or the Catalogue, which was promulgated and is amended from time to time by the MOFCOM and the NDRC. Pursuant to the latest Catalog, amended and issued on June 28, 2018 and effective on July 28, 2018, or the 2018 Catalog, industries listed therein are divided into two categories: encouraged industries and the industries within the Catalog of special management measures, or the Negative List. The Negative List is further divided into two sub-categories: restricted industries and prohibited industries. Establishment of wholly foreign-owned enterprises is generally allowed in industries outside of the Negative List. For the restricted industries within the Negative List, some are limited to equity or contractual joint ventures, while in some cases Chinese partners are required to hold the majority interests in such joint ventures. In addition, restricted category projects are subject to government approvals and certain special requirements. Foreign investors are not allowed to invest in industries in the prohibited category. Industries not listed in the Catalog are generally open to foreign investment unless specifically restricted by other PRC regulations.

Pursuant to the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises (外商投資企業設立及變更備案管理暫行辦法), foreign-invested enterprises investing in categories not subject to special management measures as provided in the 2018 Catalog are only required to complete an online filing of their incorporation and changes with local counterparts of the MOFCOM.

On March 15, 2019, the National People's Congress promulgated the Foreign Investment Law (外商投資法), which will come into effect on January 1, 2020 and replace the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law (中華人民共和國中外合資經營企業法), the Sino-foreign Cooperative Joint Venture Enterprise Law (中華人民共和國中外合作經營企業法), and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The existing foreign-invested enterprises established prior to the effective of the Foreign Investment Law may keep their corporate forms within five years. The implementing rules of the Foreign Investment Law will be stipulated separately by State Council. Pursuant to the Foreign Investment Law, "foreign investors" means natural person, enterprise, or other organization of a foreign country, "foreign-invested enterprises" (FIEs) means any enterprise established under PRC law that is wholly or partially invested by foreign investors and "foreign investment" means any foreign investor's direct or indirect investment in mainland China, including: (i) establishing FIEs in mainland China either individually or jointly with other investors; (ii) obtaining stock shares, stock equity, property shares, other similar interests in Chinese domestic enterprises; (iii) investing in new projects in mainland China either individually or jointly with other investors; and (iv) making investment through other means provided by laws, administrative regulations, or State Council provisions.

The Foreign Investment Law stipulates that China implements the management system of pre-establishment national treatment plus a negative list to foreign investment and the government generally will not expropriate foreign investment, except under special circumstances, in which case it will provide fair and reasonable compensation to foreign investors. Foreign investors are barred from investing in prohibited industries on the negative list and must comply with the specified requirements when investing in restricted industries on that list. When a license is required to enter a certain industry, the foreign investor must apply for one, and the government must treat the application the same as one by a domestic enterprise, except where laws or regulations provide otherwise. In addition, foreign investors or FIEs are required to file information reports and foreign investment shall be subject to the national security review.

Government Regulation of Pharmaceutical Product Development and Approval

In the PRC, the NMPA is the authority that monitors and supervises the administration of pharmaceutical products and medical appliances and equipment as well as food, health food and cosmetics, while the local provincial drug administrative authorities are responsible for supervision and administration of drugs within their respective administrative regions. The NMPA's predecessor, the State Food and Drug Administration, or the SFDA, was established on August 19, 1998 as an organization under the State Council to assume the responsibilities previously handled by the Ministry of Health of the PRC, or the MOH, the State Pharmaceutical Administration Bureau of the PRC and the State Administration of Traditional Chinese Medicine of the PRC. The NMPA was founded in March 2003 to replace the SFDA.

The primary responsibilities of the NMPA include:

- monitoring and supervising the administration of pharmaceutical products, medical appliances and equipment as well as food, health food and cosmetics in the PRC;

- formulating administrative rules and policies concerning the supervision and administration of food, health food, cosmetics and the pharmaceutical industry; evaluating, registering and approving of new drugs, generic drugs, imported drugs and traditional Chinese medicine;

- approving and issuing permits for the manufacture and export/import of pharmaceutical products and medical appliances and equipment and approving the establishment of enterprises to be engaged in the manufacture and distribution of pharmaceutical products; and

- examining and evaluating the safety of food, health food and cosmetics and handling significant accidents involving these products.

The MOH is an authority at the ministerial level under the State Council and is primarily responsible for national public health. Following the establishment of the NMPA in 2003, the MOH was put in charge of the overall administration of the national health in the PRC excluding the pharmaceutical industry. In March 2008, the State Council placed the NMPA under the management and supervision of the MOH. The MOH performs a variety of tasks in relation to the health industry such as establishing social medical institutes and producing professional codes of ethics for public medical personnel. The MOH is also responsible for overseas affairs, such as dealings with overseas companies and governments. In 2013, the MOH and the National Population and Family Planning Commission were integrated into the National Health and Family Planning Commission of the PRC, or the NHFPC. On March 17, 2018, the First Session of the Thirteenth National People's Congress approved the State Council Institutional Reform Proposal (國務院機構改革方案), according to which the responsibilities of NHFPC and certain other governmental authorities are consolidated into the National Health Commission, or the NHC, and the NHFPC shall no longer be reserved. In addition, NMPA shall be established under the management and supervision of the State Administration for Market Regulation, or the SAMR. There will be no drug supervision institutions at municipal and county level, and the local SAMR will instead perform the drug supervision functions such as drug sales and operation. The responsibilities of the NHC include organizing the formulation of national drug policies, the national essential medicine system and the National Essential Medicines List and drafting the administrative rules for the procurement, distribution and use of national essential medicines.

Healthcare System Reform

The PRC government recently promulgated several healthcare reform policies and regulations to reform the healthcare system. On March 17, 2009, the Central Committee of the PRC Communist Party and the State Council jointly issued the Guidelines on Strengthening the Reform of Healthcare System (關於深化醫藥衛生體制改革的意見). On December 27, 2016, the State Council issued the Notice on the Issuance of the 13th Five-year Plan on Strengthening the Reform of Healthcare System (關於印發「十三五」深化醫藥衛生體制改革規劃的通知). On April 25, 2017, the General Office of the State Council issued the Notice on the Main Tasks of Strengthening the Reform of Healthcare System in 2017 (國務院辦公廳關於印發深化醫藥衛生體制改革2017年重點工作任務的通知). On August 20, 2018, the General Office of the State Council issued the Notice on the Main Tasks of Strengthening the Reform of Healthcare System in second half of 2018 (關於印發和深化醫藥衛生體制改革2018年下半年重點工作任務的通知).

Highlights of the aforementioned healthcare reform policies and regulations include the following:

The overall objective of the reform is to establish a basic healthcare system to cover both urban and rural residents and provide the Chinese people with safe, effective, convenient and affordable healthcare services. The PRC government aims to extend basic medical insurance coverage to at least 90% of the country's population by 2011 and increase the amount of subsidies on basic medical insurance for urban residents and rural cooperative medical insurance to RMB120 ($17.54) per person per year by 2010. By 2020, a basic healthcare system covering both urban and rural residents should be established.

The reforms aim to promote orderly market competition and improve the efficiency and quality of the healthcare system to meet the various medical needs of the Chinese population. From 2009, basic public healthcare services such as preventive healthcare, maternal and child healthcare and health education will be provided to urban and rural residents. In the meantime, the reforms also encourage innovations by pharmaceutical companies to eliminate low-quality and duplicative products.

Drug Administration Laws and Regulations

The PRC Drug Administration Law (中華人民共和國藥品管理法) as promulgated by the Standing Committee of the National People's Congress in 1984 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) as promulgated by the MOH in 1989 have laid down the legal framework for the establishment of pharmaceutical manufacturing enterprises, pharmaceutical trading enterprises and for the administration of pharmaceutical products including the development and manufacturing of new drugs and medicinal preparations by medical institutions. The PRC Drug Administration Law also regulates the packaging, trademarks and the advertisements of pharmaceutical products in the PRC. Certain revisions to the PRC Drug Administration Law took effect on December 1, 2001. They were formulated to strengthen the supervision and administration of pharmaceutical products, and to ensure the quality of pharmaceutical products and the safety of pharmaceutical products for human use. The revised PRC Drug Administration Law applies to entities and individuals engaged in the development, production, trade, application, supervision and administration of pharmaceutical products. It regulates and prescribes a framework for the administration of pharmaceutical manufacturers, pharmaceutical trading companies, and medicinal preparations of medical institutions and the development, research, manufacturing, distribution, packaging, pricing and advertisements of pharmaceutical products.

The PRC Drug Administration Law was later amended on December 28, 2013 and April 24, 2015 by the Standing Committee of the National People's Congress. It provides the basic legal framework for the administration of the production and sale of pharmaceutical products in China and covers the manufacturing, distributing, packaging, pricing and advertising of pharmaceutical products.

According to the PRC Drug Administration Law, no pharmaceutical products may be produced without a pharmaceutical production license. A manufacturer of pharmaceutical products must obtain a pharmaceutical production license from one of NMPA's provincial level branches in order to commence production of pharmaceuticals. Prior to granting such license, the relevant government authority will inspect the manufacturer's production facilities, and decide whether the sanitary conditions, quality assurance system, management structure and equipment within the facilities have met the required standards.

On August 26, 2019, the Standing Committee of the NPC promulgated the amended Drug Administration Law, which will take effect on December 1, 2019. The newly amended Drug

Administration Law brings a series of changes to the drug supervision and administration system, including but not limited to the clarification of the drug marketing authorization holder system, pursuant to which, the marketing authorization holder shall assume responsibilities for non-clinical study, clinical trials, manufacturing and marketing, post-marketing study, monitoring, reporting and handling of adverse reactions of the drug.

The PRC Drug Administration Implementation Regulations promulgated by the State Council took effect on September 15, 2002 and were later amended on February 6, 2016 and March 2, 2019 to provide detailed implementation regulations for the revised PRC Drug Administration Law.

Non-Clinical Research

On August 6, 2003, the NMPA promulgated the Administrative Measures for Good Laboratories Practice of Non-clinical Laboratory (藥物非臨床研究質量管理規範), which were revised on July 27, 2017, to improve the quality of non-clinical research, and began to conduct the Good Laboratories Practice. Pursuant to the Circular on Administrative Measures for Certification of Good Laboratory Practice for Non-clinical Laboratory (藥物非臨床研究質量管理規範認證管理辦法) issued by the NMPA on April 16, 2007, the NMPA is responsible for the certification of non-clinical research institutions nationwide and local provincial drug administrative authorities is in charge of the daily supervision of non-clinical research institutions. The NMPA decides whether an institution is qualified for undertaking pharmaceutical non-clinical research by evaluating the institution's organizational administration, its research personnel, its equipment and facilities, and its operation and management of non-clinical pharmaceutical projects. A Good Laboratory Practice Certification will be issued by the NMPA if all the relevant requirements are satisfied, which will also be published on the NMPA's website.

Pursuant to the Regulations for the Administration of Affairs Concerning Experimental Animals (實驗動物管理條例) promulgated by the State Science and Technology Commission on November 14, 1988, as amended on January 8, 2011, July 18, 2013 and March 1, 2017 respectively by the State Council, the Administration Measures on Good Practice of Experimental Animals (實驗動物質量管理辦法) jointly promulgated 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)) promulgated by the State Science and Technology Commission and other regulatory authorities on December 5, 2001, performing experimentation on animals requires a Certificate for Use of Laboratory Animals.

Regulations Related to the Clinical Trials

To improve the quality of clinical trials, the NMPA promulgated the Administration of Quality of Drug Clinical Practice (藥物臨床試驗質量管理規範) on August 6, 2003. Pursuant to the Administration of Quality of Drug Clinical Practice, clinical trial means systematical investigation of drugs conducted on human subjects (patients or healthy volunteers) to prove or reveal the function, adverse reactions and/or absorption, distribution, metabolism and excretion of the drug being investigated. The purpose of a clinical trial is to determine the therapeutic efficacy and safety of the drug. On February 19, 2004, the NMPA issued the Circular on Measures for Certification of Drug Clinical Practice (Trial) (藥物臨床試驗機構資格認定辦法 (試行)), providing that the NMPA is responsible for certification of clinical trial institutions, and that the NHFPC is responsible for certification of clinical trial institutions within its duties. Under the Circular on the Measures for Certification of Drug Clinical Practice (trial), the NMPA and the NHFPC would decide whether an institution is qualified to undertake pharmaceutical clinical

trials upon the evaluation of the institution's organizational administration, its research personnel, its equipment and facilities, its management system and its standard operational rules. If all requirements are met, a GCP Certification will be issued by the NMPA and the result will be published on the NMPA's website.

The conduct of clinical trials must adhere to the GCP and the protocols approved by the ethics committees of each study site. The sponsor of clinical trials should provide insurance to the human subjects participating in the clinical trial and bear the cost of the treatment and the corresponding financial compensation for the human subjects who suffer harm or death related to the trial. Since 2015, the NMPA has strengthened the enforcement against widespread data integrity issues associated with clinical trials in China. To ensure authenticity and reliability of the clinical data, the NMPA mandates applicants of the pending drug registration submissions to conduct self-inspection and verification of their clinical trial data. Based on the submitted self-inspection results, the NMPA also regularly launches onsite clinical trial audits over selected applications and reject those found with data forgery.

Examination and Approval of New Drug

On July 10, 2007, the NMPA promulgated the Administrative Measures on the Registration of Pharmaceutical Products (藥品註冊管理辦法), or the Registration Measures, which became effective on October 1, 2007. Under the Registration Measures, new drug generally refer to those medicines that have not yet been marketed in the PRC. In addition, certain marketed medicines may also be treated as new drug if the type or application method of such medicines has been changed or new therapeutic functions have been added to such medicines. The registration classification and application dossier of pharmaceutical drugs is specified in the Reform Plan for Registration Category of Chemical Medicine (化學藥品註冊分類改革工作方案) and the Appendix II of the Registration Measures and the registration classification and application dossier of biological products is specified in Appendix III of the Registration Measures. Category 1 of the Appendix II of the Registration Measures are drugs never been marketed anywhere in the world and Category 2 of the Appendix II of the Registration Measures are preparations changing route of administration and never been marketed anywhere in the world. Category 1 of the Appendix III of the Registration Measures are biological products never been marketed anywhere in the world and Category 2 of the Appendix III of the Registration Measures are monoclonal antibodies. According to the Registration Measures, the approval of new drug requires the following steps:

Application of Clinical Research

- upon completion of the pre-clinical research of the new drug, application for registration of the new drug will be submitted to the drug regulatory authorities at the provincial level for review in formalities. If all the formality requirements are met, the drug regulatory authorities at the provincial level will issue a notice of acceptance and conduct site inspections on the research and original data of the new drug. The drug regulatory authorities at the provincial level will subsequently issue a preliminary opinion and notify a medical examination institute to conduct a sample examination on the new drug (if the new drug is a biological product), according to the Circular on Adjusting acception work of Registration of Pharmaceutical Products (關於調整藥品註冊受理工作的公告) promulgated by the NMPA on November 11, 2017, the Registration apply reviewed, approved and Record-filed by NMPA should be received by NMPA, including applies for clinical trial, manufacture of new drugs and generic drugs, the Registration apply reviewed, approved and Record-filed by NMPA should be received by drug regulatory authorities at the provincial level should still be received by drug regulatory authorities at the provincial level.

According to the Decision of the State Council on Cancelling and Delegating to lower level a Batch of Administrative Licensing Items (國務院關於取消和下放一批行政許可事項的決定) promulgated by the State Council on February 27, 2019, the prior review of domestic drugs is cancel and the Registration apply of domestic drugs should be directly received by NMPA;

- the drug regulatory authorities at the provincial level will then submit their preliminary opinion, inspection report and application materials to the Drug Review Center of the NMPA and notify the applicant of the progress;

- after receiving the application materials, the Drug Review Center of the NMPA will arrange for pharmaceutical, medical or other professionals to conduct a technical review on the application materials and request for supplemental materials and explanations, if necessary. After completion of the technical review, the Drug Review Center of the NMPA will issue an opinion and submit such opinion to the NMPA, along with the application materials;

- after receiving the technical opinion from the Drug Review Center, the NMPA will assess whether or not to grant the approval for conducting the clinical research on the new drug.

Clinical Trial

- after obtaining the NMPA's approval for conducting the clinical research, the applicant may proceed with the relevant clinical research (which is generally conducted in three phases for a new drug under the Registration Measures) at institutions with appropriate qualification:

    - Phase I refers to the preliminary clinical trial for clinical pharmacology and body safety. It is conducted to observe the human body tolerance for new drug and pharmacokinetics, so as to provide a basis for determining the prescription plan.

    - Phase II refers to the stage of preliminary evaluation of clinical effectiveness. The purpose is to preliminarily evaluate the clinical effectiveness and safety of the medicine used on patients with targeted indication, as well as to provide a basis for determining the Phase III clinical trial research plan and the volume under the prescription plan.

    - Phase III is a clinical trial stage to verify the clinical effectiveness. The purpose is to test and determine the clinical effectiveness and safety of the medicine used on patients with targeted indication, to evaluate the benefits and risks thereof and, eventually, to provide sufficient basis for review of the medicine registration application.

    - Phase IV refers the stage of surveillance and research after the new drug is launched. The purpose is to observe the clinical effectiveness and adverse effects of the medicine over a much larger patient population and longer time period than in Phase I to III clinical trials, and evaluate the benefits and risks when it is administered to general or special patient population in larger prescription volume.

Approval of New Drugs

- after completion of the relevant clinical research, the applicant shall submit its clinical research report together with the relevant supporting documents to the drug regulatory authorities at the provincial level and shall provide raw materials of the standard products and research result on relevant standard products to the PRC National Institute for the Control of Pharmaceutical and Biological Products;

- the drug regulatory authorities at the provincial level will then review the relevant documents in formalities. If all the formality requirements are met, the drug regulatory authorities at the provincial level will issue a notice of acceptance and within five days of notice and start conducting site inspections. The drug regulatory authorities at the provincial level will issue a preliminary opinion and then collect three samples of the new drug (if the new drug is not a biological product) and notify the relevant medicine examination institute to review the medicine standards;

- the drug regulatory authorities at the provincial level will then submit their preliminary opinion, inspection report and application materials to the Drug Review Center of the NMPA and notify the applicant of the progress;

- the medical examination institute will review the medicine standards and report its opinion to the Drug Review Center of the NMPA and send a copy of the opinion to the drug regulatory authorities at the provincial level and the applicant;

- after receiving the application materials, the Drug Review Center of the NMPA will arrange for pharmaceutical, medical or other professionals to conduct a technical review on the application materials and request for supplemental materials and explanations, if necessary. After completion of the technical review and if all the requirements are complied with, the Drug Review Center of the NMPA will report so to the Certification Center of the NMPA and notify the applicant that it may apply to the Certification Center of the NMPA for a site inspection;

- the applicant will apply to the Certification Center of the NMPA for a site inspection within six months after receiving the notice from the Drug Review Center of the NMPA;

- the Certification Center of the NMPA will arrange a site inspection on the process of manufacturing samples within thirty days after the application from the applicant to ensure the feasibility of the manufacturing process. The Certification Center of the NMPA will collect a sample (three samples if the new drug is a biological product) for the medicine examination institute to examine. The Certification Center of the NMPA will prepare an inspection report within 10 days after the site inspection and submit the report to the Drug Review Center of the NMPA;

- the sample(s) shall be manufactured at a GMP-certified workshop. The medicine examination institute will examine the sample(s) under the reviewed medicine standards and prepare a report after completing the examination and submit the report to the Drug Review Center of the NMPA. A copy of the report will be available to the drug regulatory authorities at the provincial level and the applicant;

- the Drug Review Center of the NMPA will form a comprehensive opinion based on the technical opinion previously received, the report on site inspection and the result of sample examination and submit the comprehensive opinion and the application materials to the NMPA; and

- if all the regulatory requirements are satisfied, the NMPA will grant a new drug certificate and a pharmaceutical approval number (assuming the applicant has a valid Pharmaceutical Manufacturing Permit and the requisite production conditions for the new drug have been met).

Any applicant who is not satisfied with the NMPA's decision to deny an application can appeal within 60 days of its receipt of the NMPA's decision. If the applicant is dissatisfied with the result of the appeal, it may apply for an administrative review with a special committee consisting of senior officials of the NMPA or file an administrative lawsuit with a people's court in China.

Pursuant to the Registration Measures, chemical drugs are categorized into six different registration classes. Category 1 New Chemical Drug is a new chemical drug that has never been marketed in China or abroad, including (1) crude drugs made by synthesis or semi-synthesis and the preparations thereof; (2) new effective monomer extracted from natural substances or by fermentation and the preparations thereof; (3) optical isomer obtained from existing drugs by chiral separation or synthesis and the preparations thereof; (4) drug with fewer components derived from marketed multi-component drugs; (5) new combination products; and (6) a preparation already marketed in China but with a newly added indication not yet approved in any country. Different application materials are required for each registration category. In March 2016, the NMPA issued the Reform Plan for Registration Category of Chemical Medicine (化學藥品註冊分類改革工作方案) (or the "**Reform Plan**"), which outlined the reclassifications of drug applications under the Registration Measures. Under the Reform Plan, Category 1 drugs refer to new drugs that have not been marketed anywhere in the world. Improved new drugs that are not marketed anywhere in the world fall into Category 2. Generic drugs, that have equivalent quality and efficacy to the originator drugs have been marketed abroad but not yet in China, fall into Category 3. Generic drugs, that have equivalent quality and efficacy to the originator drugs and have been marketed in China, fall into Category 4. Category 5.1 drugs are originator drugs which have already been marketed abroad, but are not yet approved in China, and Category 5.2 drugs are non-originator drugs which have already been marketed abroad, but are not yet approved in China. Category 1 drugs and Category 5.1 and 5.2 drugs can be registered through the Domestic NDA and the Imported Drug Application procedures under the Registration Measures, respectively. According to policy interpretation of the Reform Plan, for the imported original pharmaceutical drugs already approved for marketing in china applying to add new Indications approved aboard, the registration should be applied as Category 5.1.

In accordance with the Provisions on the Administration of Special Examination and Approval of Registration of New Drugs (新藥註冊特殊審批管理規定) promulgated by the NMPA, issued and effective on January 7, 2009, an NDA that meets certain requirements as specified below will be handled with priority in the review and approval process, so-called "green-channel" approval. In addition, the applicant is entitled to provide additional materials during the review period besides those requested by the NMPA, and will have access to enhanced communication channels with the NMPA.

Applicants for the registration of the following new drugs are entitled to request priority treatment in review and approval: (i) active ingredients and their preparations extracted from plants, animals and minerals, and newly discovered medical materials and their preparations that have not been sold in the China market, (ii) chemical drugs and their preparations and biological products that have not been

approved for sale at its origin country or abroad, (iii) new drugs with obvious clinical treatment advantages for such diseases as AIDS, therioma, and rare diseases, and (iv) new drugs for diseases that have not been treated effectively. Under category (i) or (ii) above, the applicant for drug registration may apply for special examination and approval when applying for the clinical trial of new drugs; under category (iii) or (iv) above, the applicant may only apply for special examination and approval when applying for manufacturing.

In addition, on December 21, 2017, the NMPA released the Opinions on Priority Review and Approval for Encouraging Drug Innovation (關於鼓勵藥品創新實行優先審評審批的意見), which further clarified that a fast track for drug registration will be available to:

- the following drugs with distinctive clinical value: (1) innovative drugs not sold within or outside China; (2) innovative drug transferred to be manufactured locally in China; (3) drugs using advanced technology, innovative treatment methods, or having distinctive treatment advantages; (4) traditional Chinese medicines (including ethnic medicines) with clear clinical position in treatment of serious diseases; and (5) new drugs listed in national major science and technology projects or national key research and development plans, and recognized by national clinical medicine research centers which conducted clinical trials of such drugs;

- drugs with distinctive clinical advantages for the prevention and treatment of the following diseases: HIV, phthisis, viral hepatitis, orphan diseases, malignant tumors, children's diseases, and characteristic and prevalent diseases in elders; and

- drugs which have been concurrently filed with the competent drug approval authorities in the United States or EU for marketing authorization and passed such authorities' onsite inspections and are manufactured using the same production line in China.

It also specified that fast track status would be given to clinical trial applications for drugs with patent expiry within three years and manufacturing authorization applications for drugs with patent expiry within one year. Concurrent applications for new drug clinical trials which are already approved in the United States or EU are also eligible for fast track NMPA approval.

Approval of Biosimilar Drugs

In February 28, 2015, the NMPA issued the Technical Guideline for the Research, Development and Evaluation of Biosimilars (Tentative), or the Biosimilars Guideline. The Biosimilars Guideline clarifies the registration procedures and R&D requirements of biosimilar.

The Biosimilars Guideline does not set up new procedural requirements, nor provide a specific regulatory pathway for the registration of biosimilar drugs. Pursuant to the Biosimilars Guideline, biosimilar drugs shall be registered according to the application procedures for new drugs.

In addition, the Biosimilars Guideline defines biosimilar drugs as therapeutic biological products similar to registered reference drugs in terms of quality, safety and efficacy.

Depending on their nature and preparation method, biosimilar drugs shall be applied for registration under the corresponding categories (namely, Categories 2, 10 and 15) of therapeutic biological products listed in Appendix III to the Registration Measures.

Applicants shall submit relevant application materials in accordance with the registration requirements for different categories of therapeutic biological products, respectively, as well as the Biosimilars Guideline.

Furthermore, the Biosimilars Guideline provides specific requirements for the research and development of biosimilar drugs. Under the Biosimilars Guideline, applicants for registration of biosimilar drugs are required to prove the similarities between their drug candidates and the reference drugs through contrast experimental studies, so as to support the safety and efficacy of such drugs. If the product is researched and developed pursuant to such requirements for biosimilar drugs, applicant shall make relevant statement in the Application Form for Drug Registration (《藥品註冊申請表》).

Approval of Generics Drugs and Bioequivalence Test

According to the Registration Measures, the applicants which apply for registration of generic drugs shall be manufacturer of the same drugs. The applicant's drugs shall also be within the manufacturing scope specified in the Pharmaceutical Manufacturing Permit. Furthermore, clinical trials are required to be conducted in accordance with the Registration Measures.

Pursuant to the Reform Plan for Registration Category of Chemical Medicine, applications of drugs fall into category 3 (generic drugs that have equivalent quality and efficacy to the originator's drugs have been marketed abroad but not yet in PRC) and category 4 (generic drugs that have equivalent quality and efficacy to the originator's drugs and have been marketed in PRC) under the Reform Plan for Registration Category shall be handled according to the procedures and requirements for generic drugs under the Registration Measures.

According to the Registration Measures, for the purpose of generic drug application, the applicant with a Pharmaceutical Manufacturing Permit should submit an application form for drug registration, relevant documents and production on-site inspection application to the NMPA at the provincial level, who will then conduct on-site inspections, inspect sample and conduct preliminary review with comments. When the applications are compliant with relevant regulations, the NMPA at the provincial level will then submit the relevant materials to the NMPA for final review, and the drug inspection institute will also submit the inspection report to the NMPA. If the application is approved, the applicant will be granted with a pharmaceutical approval number or a clinical trial approval. After the completion of the clinical trials for the generic drugs which shall go through the clinical trials, the applicant must submit the relevant information about the trial to the NMPA. If the application is approved, the application will be granted with a pharmaceutical approval number. The applicant may commence commercial production for the generic drugs as long as the pharmaceutical approval number is obtained.

Pursuant to the Appendix of the Registration Measures, oral solid preparations having existing national drug standards should go through the bioequivalence test.

According to the Announcement of the NMPA on Several Policies on the Appraisal 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) promulgated on November 11, 2015, and the Announcement of the NMPA on the Administration for the Filing of Bioequivalence Test (國家食品藥品監督管理總局關於化學藥生物等效性試驗實行備案管理的公告) promulgated on December 1, 2015, the bioequivalence test shall be changed from approval

system to a filing system as of December 1, 2015, and application to perform the bioequivalence test requires the following steps:

- Submitting the test plan to the Ethics Committee of the Drug Clinical Trial Institution for ethical review and signing a bioequivalence test contract with the Drug Clinical Trial Institution.

- Filing record on the Bioequivalence Test Registration and Information Platform of the NMPA and submitting the record material as required 30 days prior to the commencement of the bioequivalence test.

- Obtaining the record number and filing all information on the Drug Clinical Trial Registration and Information Publication Platform before the first subject joining the test group.

- Performing the bioequivalence test in according with the test plan and the Good Clinical Practice for Clinical Trials.

- Submitting the summary report or test statement to the Bioequivalence Test Record Information Platform of the NMPA within one year after the bioequivalence test is complete or terminated.

- Submitting the test data filing information and relevant material to the NMPA for the consistency evaluation application.

Pursuant to Basic Technical Requirements for Pharmaceutical Drug Injection (Tentative) (化學藥品注射劑基本技術要求(試行)) issued by the NMPA on January 10, 2008, if the originator drug of a pharmaceutical drug injection has already been marketed in PRC and has systematic clinical study and evaluation information, generally there is no requirement to conduct clinical study when the pharmaceutical drug satisfies all the following conditions: (1) has the same indications, dosage and administration with the marketed drug, and the safety and efficacy of the marketed drug were verified and recognized sufficiently; (2) has the same active ingredients (the same amount) and concentration of the pharmaceutical drug in clinic with the marketed drug; (3) has reasonable formulation and excipients without potential safety hazard, and preparation factors will not affect vivo behaviors of the pharmaceutical drug; (4) the safety factors (such as type and amount of impurities) were fully evaluated and there is no potential safety hazard; (5) the pharmaceutical drug could achieve equal safety and efficacy of the marketed drug through pharmaceutical control.

Application and Approval of Import Drugs

According to the Registration Measures, a drug being applied for importation shall have already obtained the drug marketing authorization in the producing country or region where the overseas pharmaceutical manufacturer is located; those not yet obtained marketing authorization in the producing country or region, however confirmed with safety, efficacy and clinical needs by the NMPA may be approved for importation. The production of a drug applied for importation shall comply with the GMP requirements of both the producing country or region where the drug manufacturer is located and China. The approval of new drugs requires the following steps:

- submit the application to NMPA;

- NMPA conduct the preliminary review of the application dossiers;
- The drug testing institutes tests samples of import drugs and the Center for Drug Evaluation review the application files;
- NMPA issue the clinical trial approval;
- the applicant conducts the clinical trial;
- NMPA review the clinical trial data and issue the Import Drug License.

Production Licenses

To manufacture pharmaceutical products in the PRC, a pharmaceutical manufacturing enterprise must first obtain a Pharmaceutical Manufacturing Permit issued by the relevant pharmaceutical administrative authorities at the provincial level where the enterprise is located. Among other things, such a permit must set forth the permit number, the name, legal representative and registered address of the enterprise, the site and scope of production, issuing institution, date of issuance and effective period.

Each Pharmaceutical Manufacturing Permit issued to a pharmaceutical manufacturing enterprise is effective for a period of five years. The enterprise is required to apply for renewal of such permit within six months prior to its expiry and will be subject to reassessment by the issuing authorities in accordance with then prevailing legal and regulatory requirements for the purposes of such renewal.

GMP Certificates

The World Health Organization encourages the adoption of GMP standards in pharmaceutical production in order to minimize the risks involved in any pharmaceutical production that cannot be eliminated through testing the final products.

The Guidelines on Good Manufacturing Practices (藥品生產質量管理規範), as amended in 1998 and 2010, or the Guidelines, took effect on August 1, 1999 and set the basic standards for the manufacture of pharmaceuticals. These Guidelines cover issues such as the production facilities, the qualification of the personnel at the management level, production plant and facilities, documentation, material packaging and labeling, inspection, production management, sales and return of products and customers' complaints. On October 24, 2007, the NMPA issued Evaluation Standard on Good Manufacturing Practices (藥品GMP認證檢查評定標準) which became effective on January 1, 2008. The GMP certificate is valid for a specific term and application for renewal must be submitted six months prior to its expiration date. On December 30, 2015, NMPA issued the Notice on Implementing Good Manufacturing Practice Certificates for Pharmaceuticals, which among others, provided that those enterprises that failed to obtain the GMP certificates will not be granted the Pharmaceutical Manufacturing Permit, and from January 1, 2016, the relevant pharmaceutical administrative authorities at the provincial level will take charge of the GMP examination and approval work.

Administrative Protection and Monitoring Periods for New Drugs

According to the Registration Measures, with a view to protecting public health, the NMPA may provide for administrative monitoring periods of up to five years for new drugs approved to be manufactured, to continually monitor the safety of those new drugs.

During the monitoring period of a new drug, the NMPA will not approve any other enterprise's application to manufacture, change the dosage of or import a similar new drug. The only exception is that the NMPA will continue to handle any application if, prior to the commencement of the monitoring period, the NMPA has already approved the applicant's clinical trial for a similar new drug. If such application conforms to the relevant provisions, the NMPA may approve such applicant to manufacture or import the similar new drug during the remainder of the monitoring period.

According to the Administrative Measures for Certification of Guidelines on Good Manufacturing Practices (藥品生產質量管理規範認證管理辦法), effective on August 2, 2011, a manufacturer of pharmaceutical products shall reapply for a new GMP certification six months prior to its expiration date.

Distribution of Pharmaceutical Products

According to the PRC Drug Administration Law and its implementing regulations and the Measures for the Supervision and Administration of Circulation of Pharmaceuticals (藥品流通監督管理辦法), which was issued by the NMPA on January 31, 2007 and came into effect on May 1, 2007, detailed provisions are imposed on aspects such as the purchase, sale, transportation and storage of medicines.

PRC Drug Administration Law also provides provisions for distribution of pharmaceutical products. According to PRC Drug Administration Law, the granting of a Pharmaceutical Distribution Permit to wholesalers shall be subject to approval of the provincial level drug regulatory authorities, while the granting of a retailer permit shall be subject to the approval of the drug regulatory authorities above the county level.

A pharmaceutical distributor shall satisfy the following requirements:

- personnel with pharmaceutical expertise as qualified according to law;
- business site, facilities, warehousing and sanitary environment compatible to the distributed pharmaceutical products;
- quality management system and personnel compatible to the distributed pharmaceutical products; and
- rules and regulations to ensure the quality of the distributed pharmaceutical products.

Operations of pharmaceutical distributors shall be conducted in accordance with the Pharmaceutical Operation Quality Management Rules (藥品經營質量管理規範) and shall be granted a GSP certificate under such rules by the NMPA. A GSP certificate is valid for five years and may be renewed three months prior to its expiration date upon a reexamination by the relevant authority.

Pharmaceutical distributors must keep true and complete records of any pharmaceutical products purchased, distributed or sold with the generic name of such products, specification, approval code, term,

manufacturer, purchasing or selling party, price and date of purchase or sale. Pharmaceutical distributors can only distribute pharmaceutical products obtained from those with a Pharmaceutical Manufacturing Permit and a Pharmaceutical Distribution Permit.

On December 26, 2016, the Medical Reform Office of the State Council, the National Health and Family Planning Commission, the NMPA and other five government authorities promulgated the Implementing Opinions on Carrying out the Two-invoice System for Drug Procurement among Public Medical Institutions (for Trial Implementation) ("Two-Invoice System" Opinions) (印發關於在公立醫療機構藥品採購中推行「兩票制」的實施意見(試行)的通知), which became effective on the same date.

On April 25, 2017, the General Office of the State Council further promulgated the Notice on Issuing the Key Working Tasks for Deepening the Reform of Medicine and Health System in 2017 (關於印發深化醫藥衛生體制改革2017年重點工作任務的通知). According to these rules, a two-invoice system is encouraged to be gradually adopted for drug procurement. The two-invoice system generally requires a drug manufacturer to issue only one invoice to its distributor followed by the distributor issuing a second invoice directly to the end customer hospital. Only one distributor is permitted to distribute drug products between the manufacturer and the hospital. The system also encourages manufacturers to sell drug products directly to hospitals. Public medical institutions are required to adopt the two-invoice system, and its full implementation nationwide is targeted for 2018.

Pharmaceutical manufacturers and distributors who fail to implement the two-invoice system may be disqualified from attending future bidding events or providing distribution for hospitals and blacklisted for drug procurement practices. These rules aim to consolidate drug distribution and reduce drug prices.

Under the Labor Law of the PRC (中華人民共和國勞動法), effective on January 1, 1995 and subsequently amended on August 27, 2009 and December 29, 2018, the Labor Contract Law of the PRC (中華人民共和國勞動合同法), effective on January 1, 2008 and subsequently amended on December 28, 2012, and the Implementing Regulations of the Labor Contract Law of the PRC (中華人民共和國勞動合同法實施條例), effective on September 18, 2008, employers must establish a comprehensive management system to protect the rights of their employees, including a system governing occupational health and safety to provide employees with occupational training to prevent occupational injury, and employers are required to truthfully inform prospective employees of the job description, working conditions, location, occupational hazards and status of safe production as well as remuneration and other conditions as requested by the Labor Contract Law of the PRC.

Pursuant to the Law of Manufacturing Safety of the People's Republic of China (中華人民共和國安全生產法) effective on November 1, 2002 and subsequently amended on December 1, 2014, manufacturers must establish a comprehensive management system to ensure manufacturing safety in accordance with applicable laws and regulations. Manufacturers not meeting relevant legal requirements are not permitted to commence their manufacturing activities.

Pursuant to Guidelines on Good Manufacturing Practices, manufacturers of pharmaceutical products are required to establish production safety and labor protection measures in connection with the operation of their manufacturing equipment and manufacturing process.

Pursuant to applicable PRC laws, rules and regulations, including the Social Insurance Law (社會保險法) which became effective on July 1, 2011 and subsequently amended on December 29, 2018, the

Interim Regulations on the Collection and Payment of Social Security Funds (社會保險費徵繳暫行條例) which became effective on January 22, 1999 and subsequently amended on March 24, 2019, the Interim Measures concerning the Maternity Insurance (企業職工生育保險試行辦法) which became effective on January 1, 1995 and the Regulations on Work-related Injury Insurance (工傷保險條例) which became effective on January 1, 2004 and were subsequently amended on December 20, 2010, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, and maternity insurance. If an employer fails to make social insurance contributions timely and in full, the social insurance collecting authority will order the employer to make up outstanding contributions within the prescribed time period and impose a late payment fee at the rate of 0.05% per day from the date on which the contribution becomes due. If such employer fails to make social insurance registration, the social insurance collecting authority will order the employer to correct within the prescribed time period. The relevant administrative department may impose a fine equivalent to three times the overdue amount.

Under the Regulations on the Administration of Housing Provident Funds (住房公積金管理條例), promulgated by the State Council on April 3, 1999 and as amended on March 24, 2002, an employer is required to make contributions to a housing fund for its employees.

Product Liability

In addition to the strict new drug approval process, certain PRC laws have been promulgated to protect the rights of consumers and to strengthen the control of medical products in the PRC. Under current PRC law, manufacturers and vendors of defective products in the PRC may incur liability for loss and injury caused by such products. Pursuant to the General Principles of the Civil Law of the PRC (中華人民共和國民法通則), or the PRC Civil Law, promulgated on April 12, 1986 and amended on August 27, 2009, a defective product which causes property damage or physical injury to any person may subject the manufacturer or vendor of such product to civil liability for such damage or injury.

On February 22, 1993 the Product Quality Law of the PRC, or the Product Quality Law (中華人民共和國產品質量法), was promulgated to supplement the PRC Civil Law aiming to define responsibilities for product quality, to protect the legitimate rights and interests of the end-users and consumers and to strengthen the supervision and control of the quality of products. The Product Quality Law was amended by the Ninth National People's Congress on July 8, 2000 and was later amended by the Eleventh National People's Congress on August 27, 2009 and the Thirteenth National People's Congress on December 29, 2018. Pursuant to the amended Product Quality Law, manufacturers who produce defective products may be subject to civil or criminal liability and have their business licenses revoked.

The Law of the PRC on the Protection of the Rights and Interests of Consumers (中華人民共和國消費者權益保護法) was promulgated on October 13, 1993 and was amended on October 25, 2013 to protect consumers' rights when they purchase or use goods and accept services. All business operators must comply with this law when they manufacture or sell goods and/or provide services to customers. Under the amendment on October 25, 2013, all business operators shall pay high attention to protect the customers' privacy which they obtain during the business operation. In addition, in extreme situations, pharmaceutical product manufacturers and operators may be subject to criminal liabilities under applicable laws of the PRC if their goods or services lead to the death or injuries of customers or other third parties.

PRC Tort Law

Under the Tort Law of the PRC (中華人民共和國侵權責任法) which became effective on July 1, 2010, if damages to other persons are caused by defective products that are resulted from the fault of a third party such as the parties providing transportation or warehousing, the producers and the sellers of the products have the right to recover their respective losses from such third parties. If defective products are identified after they have been put into circulation, the producers or the sellers shall take remedial measures such as issuance of warning and recall of products in a timely manner. The producers or the sellers shall be liable under tort if they cause damages due to their failure to take remedial measures in a timely manner or have not made efforts to take remedial measures, thus causing damages. If the products are produced and sold with known defects, causing deaths or severe damage to the health of others, the infringed party shall have the right to claim respective punitive damages in addition to compensatory damages.

PRC Enterprise Income Tax

Under the Enterprise Income Tax Law (企業所得税法), or EIT Law, which was promulgated on March 16, 2007 and subsequently amended on February 24, 2017 and December 29, 2018, and its implementation rules which became effective on January 1, 2008, and amended on December 29, 2018, the standard tax rate of 25% applies to all enterprises (including FIEs) with exceptions in special situations if relevant criteria are met and subject to the approval of the PRC tax authorities.

According to the EIT Law, dividends declared after January 1, 2008 and paid by PRC FIEs to their non-PRC parent companies will be subject to PRC withholding tax at 10% unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent company is a tax resident and which specifically exempts or reduces such withholding tax, and such tax exemption or reduction is approved by the relevant PRC tax authorities. Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and 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), Notice of the State Administration of Taxation on Issues Relating to the Implementation of Dividend Clauses in Tax Treaties (國家税務總局關於執行税收協定股息條款有關問題的通知) and the Announcement on Certain Issues with Respect to the "Beneficial Owner" in Tax Treaties (國家税務總局關於税收協定中「受益所有人」有關問題的公告), if the non-PRC immediate holding company is a Hong Kong tax resident and directly holds a 25% or more equity interest in the PRC enterprise and is considered to be the beneficial owner of dividends paid by the PRC enterprise, such withholding tax rate may be lowered to 5%, subject to approval by the relevant PRC tax authorities in accordance with relevant tax regulations upon the assessment of beneficial ownership.

According to the EIT Law, EIT for key advanced and new technology enterprises supported by the State shall be at a reduced tax rate of 15%.

Business Tax

A business which provides certain services or sells/transfers immovable or intangible property within the PRC (including when either party of a transaction is within the PRC unless in specified situations) was liable to Business Tax at rates ranging from 3% to 20% of the charges for the services provided or immovable or intangible property sold or transferred (as the case may be). The Business Tax rate of 3% was applicable on taxable services relating to construction, culture and sports. All other

services generally attracted a Business Tax rate of 5%, except that services relating to entertainment are subject to a rate ranging from 5% to 20%.

In addition, Business Tax was payable on the gross amount of all billings unless specific rules stipulated the use of a net amount.

Value Added Tax

The Interim Regulations of the PRC on VAT (中華人民共和國增值税暫行條例), or the VAT Regulations, came into effect on January 1, 1994 (subsequently amended on November 10, 2008, February 6, 2016 and November 19, 2017).

Pursuant to the VAT Regulations, VAT is imposed on the goods sold in or imported into the PRC and on processing, repair and replacement services provided within the PRC.

The pilot program of the PRC indirect tax reform was first implemented in Shanghai, the PRC, effective from January 1, 2012 where certain industries are transformed from the Business Tax regime to the VAT regime. The program was expanded in stages.

The MOF, and the SAT jointly promulgated the Circular on Comprehensively Promoting the Pilot Program of the Collection of VAT in Lieu of Business Tax (關於全面推開營業税改徵增值税試點的通知), or the 2016 VAT Circular, on 23 March 2016, which came into effect on 1 May 2016. Pursuant to the 2016 VAT Circular, the sale of services, intangible assets or real property within the PRC (including when either party of a transaction is within the PRC unless in specified situations) is subject to VAT instead of Business Tax, with VAT rates being 6%, 11% or 17% and could be zero for certain specified cross border taxable items/services, in accordance with the relevant regulations. According to Announcement on Policies for Deepening the VAT Reform (關於深化增值税改革有關政策的公告) promulgated on March 20, 2019 and became effective on April 1, 2019, the VAT rates are revised to 6%, 9% or 13%.

A Municipal Maintenance Tax, together with Education Surcharge and a Local Education Surcharge, are payable at a rate, in aggregate, of 6% to 12% of the VAT paid.

Intellectual Property Rights

China became a member of World Trade Organization and a party to Agreement on Trade-Related Aspects of Intellectual Property Rights on December 11, 2001. China has also entered into several international conventions on intellectual property rights, including without limitation, Paris Convention for the Protection of Industrial Property, Madrid Agreement Concerning the International Registration of Marks and Patent Cooperation Treaty.

Patents

Pursuant to the Patent Law of the PRC (中華人民共和國專利法) promulgated by the Standing Committee of the NPC on March 12, 1984, as amended on September 4, 1992, August 25, 2000 and December 27, 2008 respectively, and effective from October 1, 2009, 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) promulgated by the State Council on June 15, 2001 and as amended on December 28, 2002 and January 9, 2010 respectively, there are three types of patents in the PRC, namely invention patents, utility model patents and design patents. An invention to be

granted as a patent shall have novelty, creativity and practicality. Biosimilars will not be able to obtain the key composition intellectual property rights because their primary sequence is identical to the reference drugs, which makes it inadequate for biosimilars to prove their novelty. The protection period is 20 years for an invention patent, and 10 years for a utility model patent and design patent, commencing from their respective application dates. Patent rights are no longer protected under PRC laws after expiry of the validity period, and therefore competitors of the Company may develop biosimilars that are essentially similar to what the Company is developing if they share the same primary sequence with the reference drug whose patent has expired. Any individual or entity that utilizes a patent or conducts any other activity in infringement of a patent without prior authorization of the patent holder shall pay compensation to the patent holder and is subject to a fine imposed by relevant administrative authorities and, if constituting a crime, shall be held criminally liable in accordance with the law. According to the Patent Law of the PRC, for the purpose of public health, the State Intellectual Property Office of the PRC may grant a compulsory license for manufacturing patented drugs and exporting them to countries or regions covered under relevant international treaties to which PRC has acceded. In addition, pursuant to the Patent Law of the PRC, any organization or individual that applies for a patent in a foreign country for an invention or utility model patent established in China is required to report to the State Intellectual Property Office for confidentiality examination.

The PRC laws on the protection of intellectual property rights of drugs are evolving. The Patent Law of the PRC and the Implementation Rules of the Patent Law of the PRC are applicable to drugs protected by patents. On January 4, 2019,the Standing Committee of the NPC issued the Amendment to the Patent Law of the PRC (draft for comment) to seek public comment. According to the Amendment to the Patent Law of the PRC (draft for comment), the State Council may decide to extend the term of validity for the patent rights of innovative drugs inventions applying for commercialization in domestic market and in overseas market simultaneously. The aggregate term of validity of patent rights for innovative drug after commercialization must not exceed 14 years.

Trade Secrets

Pursuant to the PRC Anti-Unfair Competition Law (中華人民共和國反不正當競爭法) promulgated by the Standing Committee of the NPC on September 2, 1993 and as amended on November 4, 2017, the term "trade secrets" refers to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the PRC Anti-Unfair Competition Law, business persons are prohibited from infringing others' trade secrets by (1) obtaining the trade secrets from the legal owners or holders by any unfair methods such as theft, solicitation or coercion; (2) disclosing, using or permitting others to use the trade secrets obtained illegally under item (1) above; or (3) disclosing, using or permitting others to use the trade secrets, in violation of any contractual agreements or any requirements of the legal owners or holders to keep such trade secrets in confidence. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others' trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and fine infringing parties.

Trademarks

Pursuant to the Trademark Law of the PRC (中華人民共和國商標法) promulgated by the Standing Committee of the NPC on August 23, 1982, amended on February 22, 1993, October 27, 2001 and August

30, 2013 respectively and effective from May 1, 2014, the period of validity for a registered trademark is 10 years, commencing from the date of registration. Upon expiry of the period of validity, the registrant shall go through the formalities for renewal within twelve months prior to the date of expiry, if intending to continue to use the trademark. Where the registrant fails to do so, a grace period of six months may be granted. The period of validity for each renewal of registration is 10 years, commencing from the day immediately after the expiry of the preceding period of validity for the trademark. In the absence of a renewal upon expiry, the registered trademark shall be canceled. Industrial and commercial administrative authorities have the authority to investigate any behavior in infringement of the exclusive right under a registered trademark in accordance with the law. In case of a suspected criminal offense, the case shall be timely referred to a judicial authority and decided according to law.

Environmental Protection

According to the Environmental Protection Law of the PRC (中華人民共和國環境保護法) promulgated by the Standing Committee of the NPC on December 26, 1989 and as amended on April 24, 2014, 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 Standing Committee of the NPC on October 28, 2002 and as amended on July 2, 2016 and December 29, 2018 respectively, the Administrative Regulations on the Environmental Protection of Construction Project (建設項目環境保護管理條例) promulgated by the State Council on November 29, 1998 and as amended on July 16, 2017, and other relevant environmental laws and regulations, enterprises which plan to construct projects shall engage qualified professionals to provide the assessment reports, assessment form, or registration form on the environmental impact of such projects. The assessment reports, assessment form, or registration form shall be filed with or approved by the relevant environmental protection bureau prior to the commencement of any construction work.

Enterprises generating environmental pollution in the PRC must comply with the Law of the PRC on the Prevention and Control of Water Pollution (中華人民共和國水污染防治法) promulgated by the Standing Committee of the NPC on May 11, 1984, and as amended or revised on May 15, 1996, February 28, 2008 and June 27, 2017 respectively, the Law of the PRC on the Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法) promulgated by the Standing Committee of the NPC on September 5, 1987, and as amended or revised on August 29, 1995, April 29, 2000 and August 29, 2015 and October 26, 2018 respectively, the Law of the PRC on the Prevention and Control of Pollution from Environmental Noise (中華人民共和國環境噪聲污染防治法) promulgated by the Standing Committee of the NPC on October 29, 1996 and effective from March 1, 1997, and as amended on December 29, 2018, and the Law of the PRC on the Prevention and Control of Environmental Pollution of Solid Waste (中華人民共和國固體廢物污染環境防治法) promulgated by the Standing Committee of the NPC on October 30, 1995, and as amended or revised on December 29, 2004, June 29, 2013, April 24, 2015 and November 7, 2016 respectively. The abovementioned laws regulate extensive issues in relation to the environment protection including waste water discharge, air pollution control, noise emission and solid waste pollution control. Pursuant to these laws, all the enterprises that may cause environmental pollution in the course of their production and business operation shall introduce environmental protection measures in their plants and establish a reliable system for environmental protection.

The Administration of Land

The administration of land in China is governed by the PRC Land Administration Law (中華人民共和國土地管理法), which was passed by the Standing Committee of the National People's Congress on June 25, 1986 and came into effect on January 1, 1987, and was revised or amended on December 29,

1988, August 29,1998 and August 28,2004. According to Provisional Regulations of the People's Republic of China concerning the Grant and Assignment of the Right to Use State Land in Urban Areas (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例), the maximum terms of grants of the right to use land for industrial purposes is 50 years.

RELEVANT LAWS AND REGULATIONS OF TAIWAN

The following is a summary of the most significant aspects of Taiwan laws and regulations relating to our business operations in Taiwan.

License, Registrations and Permits

Investments in the PRC

According to Article 35 of the Act Governing Relations between the Peoples of the Taiwan Area and Mainland Area (the "**Act**"), Taiwanese nationals or entities may make investments or conduct technology cooperation in the PRC after obtaining the approval of the Ministry of Economic Affairs (the "**MOEA**"). Based on the Act, the MOEA published the Regulations Governing Permission of Investment or Technical Cooperation with China (在大陸地區從事投資或技術合作許可辦法) and the Reviewing Principles of Investment or Technical Cooperation with China (在大陸地區從事投資或技術合作審查原則) (collectively, the "**Regulations**"). The MOEA also announced a list of businesses related to international conventions, national security, major infrastructure projects and industrial developments in which Taiwanese nationals or legal persons may not invest or conduct technology cooperation in the PRC. Items not identified on such list are regarded as general items in which investment is permitted subject to approval by the Investment Commission of the MOEA (the "**IC**").

Under Article 4 of the Regulations Governing Permission of Investment or Technical Cooperation with China, "investment" includes incorporating a new company, acquisition of shares in an existing company and so on. Furthermore, if a Taiwanese national or entity directly or indirectly holds shares in a company incorporated in a third area and serves as a director, supervisor or officer (or a similar role) of such third area company, or holds more than 10% of the shares in such third area company, which in turn makes an "investment" in the PRC, the Taiwanese national or entity should also be subject to the requirements of the Act and the Regulations.

According to the Regulations, when a Taiwanese individual or company intends to invest directly or indirectly whether by itself or through companies that it invests in, in the PRC or provide technology, patents and other intellectual property rights to PRC individuals or entities, generally speaking, it is required to obtain a prior approval from the IC, except in the event that the investment is made to a certain PRC enterprise with an aggregate amount of US$1 million or less, in which case only a post-investment filing within six months after the completion of investment with the IC for record is required.

In addition, the Regulations set out the following caps of investment that may be made by a Taiwanese individual or company:

(a) in the case of an individual, US$5 million per year;

(b) in the case of a small and medium-sized enterprise, either (i) 60% of its net value or consolidated net value or (ii) NT$80,000,000, whichever is higher; and

(c) in the case of other enterprises: 60% of its (i) net value or (ii) consolidated net value, whichever is higher.

If the Taiwanese individual or company meets any of the following conditions, the abovementioned investment cap would not apply:

(a) the enterprise has obtained the operational headquarters recognition letter from the MOEA;

(b) the enterprise is a subsidiary of a multi-national corporation that meets certain requirements on revenue, geographic presence and corporate structure; or

(c) the Taiwanese individual or company holds more than 10% of the shares issued by a foreign company that is listed or traded in Taiwan or acts as the director, supervisor or officer of such foreign company and the foreign company makes investments in the PRC.

Any failure by a direct or indirect Taiwanese shareholder of our Company to obtain such prior approval or make such post-investment filing with the IC for making investments in the general business categories other than the ones explicitly prohibited by the IC would cause such shareholder to be subject to an administrative fine of between NT$50,000 and NT$25,000,000, or in addition thereto, an order that the violation shall be terminated or rectified within a specified time limit; failure to terminate or rectify by such time limit would result in imposition of consecutive fines. Such failure by the Taiwanese shareholder(s) of our Company to obtain prior approval or make post-investment filing with the IC (i) would not affect the effectiveness of the subscription or acquisition of the shares in our Company by such shareholder and (ii) has not, and under the Regulations, will not, cause any liabilities to be incurred by, or legal or governmental proceedings or any other action, suit, inquiry, investigation or proceeding to be commenced against our Company (and its Directors) and other non-Taiwanese shareholders. The IC may request the violator to terminate or rectify the violation by withdrawing such illegal investments from the PRC.

Labor and Working Safety

Labor Standards Act

The Labor Standards Act (the "**LSA**") set forth the local minimum, compulsory and restrictive requirements and is the basis of major labor laws and regulations in Taiwan. Employment terms and conditions agreed to by an employer and an employee should be no less favorable than the minimum/mandatory requirements set forth under the LSA, otherwise they are null and void and will be superseded by the corresponding provisions prescribed under the LSA.

The requirements for employment conditions under the LSA mainly include "employment contract and its termination", "salary", "days off", "work hours and overtime", "break, public holidays, annual leave and statutory leave", "labor insurance", "retirement and statutory pension schemes", "compensation for occupational hazards" and "establishment of work rules". For employment terms and conditions not stated in an employment contract or the employer's work rules/policies, the legal minimum/mandatory requirements under the LSA shall apply. For employment terms and conditions provided in an employment contract or the employer's work rules/policies which are more favorable than the LSA requirements, such favorable terms and conditions shall prevail.

Labor Pension Act

According to the Labor Pension Act, for employees who are hired on or after July 1, 2005, an employer is required to contribute each month an amount equivalent to at least 6% of each employee's monthly wage into the employee's personal pension fund account at the Bureau of Labor Insurance.

Occupational Safety and Health Act and Regulations Governing the Occupational Safety and Health

According to Article 23 of the Occupational Safety and Health Act (the "**OSH Act**") and Paragraph 1 of Article 12-1 of the Regulations Governing the Occupational Safety and Health (the "**OSH Regulations**"), an employer should stipulate an occupational safety and health management plan based on the scale and characteristics of each business unit; an employer with fewer than 30 employees may stipulate the implementation records or documents of safety and health management as an alternative of such plan. If such employer fails to do so and fails to make any improvement within the given period set by the regulator, pursuant to Article 45 of the OSH Act, it should be subject to an administrative fine of no less than NT$30,000 and no more than NT$150,000.

According to Article 34 of the OSH Act, an employer should prepare, in consultation with labor representatives, appropriate safety and health work rules which suit their needs. These rules should be posted and implemented after a copy has been submitted to a labor inspection agency for record. If such employer fails to do so and fails to make any improvement within the given period set by the regulator, pursuant to Article 45 of the OSH Act, it should be subject to an administrative fine of no less than NT$30,000 and no more than NT$150,000.

National Health Insurance Act and Labor Insurance Act

Under the National Health Insurance Act and Labor Insurance Act, an employer should enroll all employees in the statutory insurance (i.e., national health insurance and labor insurance) from the first day of their employment.

Taxes

The statutory corporate income tax rate applicable to us in Taiwan is 20%.

Foreign Exchange Restrictions

According to the Foreign Exchange Regulation Act and the Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions, a company may acquire and remit foreign currency of up to US$50 million per year (including proceeds from the sale of shares) into and out of Taiwan. If the company exceeds the aforesaid threshold, it has to apply for an approval from the Central Bank of China ("**CBC**"). In the event that the remittance amount reaches US$1 million or more, the company will be required to provide supporting documentation to the satisfaction of the remitting bank. If the transaction amount is NT$500,000 or more in a single transaction, it should be declared on a CBC-prescribed form, but this is typically a standard procedure managed by the local bank handling the transaction.

Trademark Protection

In respect of the acquisition of trademark rights, the Taiwan Trademark Act adopts the registration protection system, which provides that a company's trademark will not be protected by the law until an application for registration of the trademark has been filed pursuant to the law. Furthermore, in Taiwan, the first-to-file principle is adopted, meaning that the sequence of the acquisition of rights depends on the sequence of the examination of trademark applications. Where applications for registration of an identical trademark or similar trademark(s) designated for the same or similar goods have been filed, the application that is first filed shall be granted registration.

OVERVIEW

We are a clinical-stage biopharmaceutical company dedicated to developing and commercializing innovative oncology drugs and therapies. Our mission is to build a leading brand name of oncology treatments trusted by patients and their families as well as medical professionals in China.

The history of our business can be traced back to December 2009 when our Company was incorporated in Hong Kong which in turn incorporated TOT Suzhou in July 2010, with a strategic goal of developing and commercializing oncology drugs (both biological and chemical drugs). Over the years, this strategic goal has evolved into our open platform business model, in which we have equipped ourselves with full industry value chain capabilities in the R&D, clinical trials, manufacturing and commercialization of oncology drugs. See "Business — Our Strengths — Proven open platform business model empowered by strong and integrated capabilities covering the full oncology drug industry value chain" for details.

Since then, the Company received funding from various rounds of issuance of common and preferred equity securities and the Convertible Bonds to existing shareholders and additional sophisticated investors between 2011 and 2018. In March 2013, our Company acquired Shengyang Biopharm and began controlling TOT Shanghai, which was initially established by TTY Biopharm in 2010 to conduct early stage discovery for new drugs.

We have a comprehensive product pipeline of mAbs, ADCs, oncolytic virus products, and specialty oncology drugs (including liposome drugs). As of the Latest Practicable Date, we had a portfolio consisting of seven biological drug candidates and five chemical drug candidates, including four biological drug candidates in clinical stage.

OUR BUSINESS MILESTONES

The following sets forth certain key business development milestones of our Group:

Year	Key Milestones
2009	Our Company was incorporated.
2010	TOT Shanghai and TOT Suzhou were incorporated, with their business scope being the R&D of anti-tumor biological and chemical drugs. We commenced R&D of an anti-VEGF mAb drug for the treatment of mCRC. We acquired land use rights of certain property in Jiangsu Province, the PRC, where our headquarters and the Suzhou Production Center are located.
2011	Our Company completed its initial equity financing from TTY Biopharm, Centerlab, Prime Success, Yuanta Venture Capital, Vaxcel and Vaxgen at a valuation of US$33.0 million. We began to build our R&D team and submitted the IND applications to NMPA for TOZ309 and TOM312.

Year	Key Milestones
	We commenced the construction of facilities for the production of new anti-tumor drugs.
	We began to build our sales and marketing team in order to market S-1, an oncology drug of Taiho Pharmaceutical, in China. This allowed us to gradually gain sales and marketing capabilities in preparation for the commercialization of our drug candidates, including TAB008, our Core Product. See "Business — Our Strategies — Commercialize TAB008" for details of how we plan to leverage our proven sales and marketing capabilities to commercialize TAB008.
2012	TOT Suzhou completed the construction of its No. 1 Campus research and production facilities and commenced operations.
2014	We obtained the notices of acceptance from NMPA for TAB008 and TAD011.
2015	Centerlab, Prime Success, Vivo Capital, Formosa Lab and Miramonte acquired Shares from TTY Biopharm, valuing our Group at NT$2.2 billion (approximately US$66.7 million) at the time. TTY Biopharm ceased to be our Shareholder.
	We obtained the clinical trial approval for TOM312.
2016	We obtained clinical trial approvals for three research projects, including TAB008 mAb injection, TAD011 mAb injection and TOZ309.
	TOT Suzhou entered into a CDMO agreement with Kintor Pharmaceutical, as part of the pilot program for MAH collaborations, recognizing our quality by national authority.
2017	TOT Suzhou commenced Phase III clinical trials for TAB008, our Core Product.
	TOT Suzhou obtained clinical trial approval for TAB014 mAb injection.
	TOT Suzhou licensed out TAB014 in China.
	We completed the issuance of two tranches of the Convertible Bonds, together raising US$30.0 million.
2018	We completed the issuance of the third tranche of Convertible Bonds raising US$15.0 million.
	TOT Suzhou obtained clinical trial approval for TAA013.

Year	Key Milestones
	We completed the issuance of the Class B Preferred Shares raising a total of US$57.0 million and valuing our Group at US$327.0 million. TOT Suzhou completed the construction of its No. 2 Campus research and development and manufacturing facilities and commenced operations.
2019	We submitted the ANDA for TOZ309, which was accepted by the NMPA in July 2019.

CORPORATE DEVELOPMENT

Our Company

Our Company was incorporated as a company with limited liability on December 4, 2009 under the laws of Hong Kong. Our company is the holding company of our subsidiaries and its principal business activity is investment holding with an initial authorized share capital of US$1.00 divided into 1 Share of a par value of US$1.00 each. Our initial shareholder was TTY Biopharm, a pharmaceutical company listed on the Taipei Exchange. Over time, our shareholding structure had evolved mainly as a result of the issuance of common and preferred equity securities, the Convertible Bonds and TTY Biopharm's divestment of all the Shares it and its affiliate held in 2015. See "— Major Changes to Our Company's Issued Share Capital Since Its Establishment — TTY Biopharm's Divestment in December 2015 and Further Equity Financing in 2016" for details of the changes in the issued share capital of our Company during the relevant time.

Our Subsidiaries

Our business is substantially operated through our operating entities in the PRC and Taiwan. The following table sets forth certain information of all our subsidiaries, all of which are our wholly-owned subsidiaries, as of the Latest Practicable Date:

Name of Company	Place of Incorporation	Date of Incorporation and Commencement of Business	Principal Business Activities
TOT Suzhou	PRC	July 5, 2010	Research and development, manufacturing and sales of new drugs
TOT Taipei	Taiwan	March 14, 2016	Research and development, business development, public relations and project management
TOT Shanghai	PRC	April 14, 2010	Research and development — early stage drug discovery
Dongyang Jiangsu	PRC	February 11, 2009	Owning one property in Shanghai
Shengyang Biopharm	Hong Kong	June 24, 2008	Investing company

The business of our Group was primarily conducted through TOT Suzhou, TOT Taipei and TOT Shanghai during the Track Record Period. Shengyang Biopharm is an investment holding company through which we hold TOT Shanghai and Dongyang Jiangsu. Dongyang Jiangsu holds a property in Shanghai and has no other operations. We acquired the entire equity interest of Shengyang Biopharm in March 2013 for a consideration of US$2,906,415. The consideration was determined based on arm's length negotiation with reference to the original investment amount.

TOT Suzhou

TOT Suzhou was incorporated by our Company as a limited liability company in the PRC on July 5, 2010. Our main research and development, manufacturing and sales functions are operated through TOT Suzhou.

TOT Suzhou had an initial registered capital of US$27,000,000. The registered capital of TOT Suzhou increased to US$171,000,000 in August 2018. As of the Latest Practicable Date, our Company had contributed US$159,000,000 to the registered capital of TOT Suzhou with the rest to be fully contributed by August 10, 2020.

TOT Shanghai

TOT Shanghai was incorporated by Shengyang Biopharm as a limited liability company in the PRC on April 14, 2010. TOT Shanghai operates a laboratory in Shanghai and is focusing on early stage drug discovery.

TOT Shanghai had an initial registered capital of US$730,000. The registered capital of TOT Shanghai was increased to US$3,730,000 in August 2013. Shengyang Biopharm had contributed all the US$3,730,000 in the registered capital of TOT Shanghai by September 16, 2013.

TOT Taipei

TOT Taipei was incorporated as a company limited by shares in Taiwan on March 14, 2016. TOT Taipei is primarily engaged in business development, public relations and financial management.

TOT Taipei had an initial registered capital of NT$100,000,000. The registered capital of TOT Taipei was increased to NT$400,000,000 in October 2018. As of the Latest Practicable Date, our Company had contributed NT$230,000,000 in the registered capital of TOT Taipei.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and until the Latest Practicable Date, except as otherwise disclosed in this section, we did not conduct any acquisitions, disposals or mergers that we consider to be material to us.

REASONS FOR THE LISTING

As the Group is engaged in the research and development of innovative biological and chemical drugs, the capital needs are large. The Listing could improve the financing opportunities for funding significant research and development expenditures. In addition, by granting the key personnel of the

Group share-based compensations of a listed company, the Group will be able to better incentivize these key personnel. Accordingly, the Board has decided that it would be in the best interest of the Company to be listed on the Stock Exchange as disclosed in the sections headed "Business — Our Strategies" and "Future Plans and Use of Proceeds" in this prospectus.

MAJOR CHANGES TO OUR COMPANY'S ISSUED SHARE CAPITAL SINCE ITS ESTABLISHMENT

Overview

Mainly to fund our research and development working capital needs and introduce institutional investors that have industry expertise, our Company underwent several rounds of equity financing prior to the Track Record Period and issued the Convertible Bonds and the Class B Preferred Shares during the Track Record Period. All issuances of equity securities and the Convertible Bonds were at considerations determined following arm's length negotiations between our Company and the relevant investors, taking into account the timing of the investments and the status of our business and operating entities at the relevant time.

Initial Equity Financing in 2011

Prior to the initial round of equity financing, the paid-in capital of our Company was US$1.00 contributed by TTY Biopharm. Pursuant to a share subscription agreement dated December 2010, TTY Biopharm and its then subsidiary Xudong Haipu, Centerlab, BioEngine Venture Capital Inc., Prime Success, Yuanta Venture Capital, Vaxcel and Vaxgen subscribed for a total of 32,999,999 Shares at US$1 per Share, completed in 2011 following which our shareholding structure was as follows:

Shareholder	Number of Shares	% of Total Issued Share Capital
		(%)
TTY Biopharm	11,500,000	34.85
Xudong Haipu (subsidiary of TTY Biopharm at the time)	2,000,000	6.06
Centerlab	7,300,000	22.12
BioEngine Venture Capital Inc.	6,200,000	18.79
Vaxcel	800,000	2.42
Vaxgen	1,600,000	4.85
Prime Success	3,000,000	9.09
Yuanta Venture Capital	600,000	1.82
Total	**33,000,000**	**100.00**

Subsequent Equity Financing between 2012 and November 2015

To fund our ongoing funding needs for research and development, other working capital and capital expenditures needs, subsequent to the initial round of equity financing in 2011, between December 2012 and November 2015, we issued additional Shares to our then existing shareholders or their affiliates at US$1 each, raising a total of US$33.0 million. In 2014, BioEngine Venture Capital Inc. transferred (1) 9,593,100 Shares to Centerlab, and (2) 1,398,000 Shares to BioEngine, each at US$1 per Share. TTY Biopharm also transferred all its Shares to its subsidiary Xudong Haipu at US$1 per Share in July 2014 as an internal asset transfer of TTY Biopharm. Following completion of these subsequent equity financing and transactions between 2011 and 2015, our Company's shareholding structure was as follows:

Shareholder	Number of Shares	% of Total Issued Share Capital
		(%)
Xudong Haipu (subsidiary of TTY Biopharm at the time)	23,931,900	36.26
Centerlab	28,670,100	43.44
BioEngine	1,398,000	2.12
Vaxcel	1,600,000	2.42
Vaxgen	3,200,000	4.85
Prime Success	6,000,000	9.09
Yuanta Venture Capital	1,200,000	1.82
Total	**66,000,000**	**100.00**

TTY Biopharm's Divestment in December 2015 and Further Equity Financing in 2016

To the best knowledge of the Company, after the re-election of TTY Biopharm's chairman, directors and supervisors in June 2014, TTY Biopharm and our other shareholders at the time believed that they no longer shared the same growth strategy for the Group and thus entered into discussions in respect of TTY Biopharm's exit from the Company.

In December 2015, TTY Biopharm's subsidiary Xudong Haipu sold its Shares, being 23,931,900 Shares, representing 36.3% of the issued share capital at the time, to Centerlab, Prime Success, Vivo Capital Fund VIII, L.P., Vivo Capital Surplus Fund VIII, L.P., Formosa Lab and Miramonte for a total consideration of NT$786,747,257 (US$24,185,283) being approximately US$1.00 per Share. This valuation was determined based on arm's length negotiations between TTY Biopharm and the purchasers. Following completion of such divestment, the shareholding structure of our Company was as follows:

Shareholder	Number of Shares	% of Total Issued Share Capital
		(%)
Centerlab	32,270,100	48.89
BioEngine	1,398,000	2.12
Vaxcel	1,600,000	2.42
Vaxgen	3,200,000	4.85
Prime Success	9,413,308	14.26
Yuanta Venture Capital	1,200,000	1.82
Formosa Lab	2,000,000	3.03
Vivo Capital Fund VIII, L.P.	12,229,803	18.53
Vivo Capital Surplus Fund VIII, L.P.	1,688,789	2.56
Miramonte	1,000,000	1.52
Total	**66,000,000**	**100.00**

Subsequent to TTY Biopharm's subsidiary Xudong Haipu's divestment of our Shares in December 2015, between March 2016 and June 2016, we further issued new Shares to our then existing shareholders or their affiliates and also to Cathay Venture at US$1 each, raising a total of US$18.0 million. Following completion of such further equity financing, the shareholding structure of our Company was as follows:

Shareholder	Number of Shares	% of Total Issued Share Capital
		(%)
Centerlab	37,703,292	44.88
BioEngine	1,398,000	1.67
Vaxcel	1,600,000	1.90
Vaxgen	4,073,000	4.85
Prime Success	11,980,308	14.26
Yuanta Venture Capital	2,200,000	2.62
Formosa Lab	2,545,400	3.03
Vivo Capital Fund VIII, L.P.	17,573,333	20.92
Vivo Capital Surplus Fund VIII, L.P.	2,426,667	2.89
Miramonte	1,000,000	1.19
Cathay Venture	1,500,000	1.79
Total	**84,000,000**	**100.00**

Issuance of the Convertible Bonds in 2017 and 2018

In January and March 2017 and January 2018, we issued three tranches of the Convertible Bonds to our then existing shareholders, raising US$45.0 million in aggregate. Key terms of the Convertible Bonds are set out below:

Total Principal Value:	US$45 million
Coupon rate:	8.00% per annum, payable on the earlier of (a) the date of redemption; (b) the Maturity Date
Maturity Date:	January 18, 2019, March 23, 2019 and October 23, 2019 as applicable
Conversion Price:	In respect of the Subscription Event (as defined below), shall be calculated by multiplying the price per share at which subscribers for Class B Preferred Shares paid for such shares by a factor of 0.8
Conversion:	The Convertible Bonds were automatically converted into Class A Preferred Shares on the date of completion of the subscription of Class B Preferred Shares, as agreed in the subscription agreement in respect of the Class B Preferred Shares ("**Subscription Event**"). Accordingly, all outstanding Convertible Bonds were converted into 25,417,983 Class A Preferred Shares in September 2018 at a Conversion Price of US$1.7704 per Class A Preferred Share when we completed the issuance of Class B Preferred Shares.

See "— Principal Terms of the Class A Preferred Shares and Class B Preferred Shares" for details of the rights attached to Class A Preferred Shares.

Issuance of the Class B Preferred Shares in 2018

We completed the issuance of Class B Preferred Shares in September 2018. Our Company issued 25,756,893 Class B Preferred Shares, representing 19.05% of our Company's then total issued and outstanding share capital on an as-converted basis, for an aggregate consideration of approximately US$57.0 million, or US$2.2130 per Class B Preferred Share. See "— Principal Terms of the Class A Preferred Shares and Class B Preferred Shares" for details of the rights attached to the Class B Preferred

Shares. Following completion of the issuance of the Class B Preferred Shares and the conversion of the Convertible Bonds into Class A Preferred Shares, our Company's shareholding structure was as follows:

Shareholder	Ordinary Shares	Class A Preferred Shares	Class B Preferred Shares	% of Total Share Capital*
				(%)
Centerlab[(1)]	37,703,292	11,999,147	—	36.77
BioEngine[(1)]	1,398,000	—	—	1.03
Vivo Capital Fund VIII, L.P.[(2)]	17,573,333	5,392,473	—	16.99
Vivo Capital Surplus Fund VIII, L.P.[(2)]	2,426,667	744,636	—	2.35
Prime Success[(3)]	11,980,308	3,766,969	451,875	11.98
Advantech Capital V[(4)]	—	513,484	13,556,259	10.41
Vaxon[(5)]	1,600,000	1,581,563	—	2.35
Vaxgen[(5)]	4,073,000	—	—	3.01
Yuanta Venture Capital[(6)]	2,200,000	941,273	903,752	2.99
Yuanta Securities HK[(6)]	—	—	1,355,625	1.00
Prosperity SPV1 L.P.[(7)]	—	—	2,259,377	1.67
Formosa Lab	2,545,400	—	—	1.88
Miramonte	1,000,000	—	—	0.74
Cathay Venture	1,500,000	478,438	—	1.47
Fu Chuang Limited (富創有限公司)	—	—	3,615,002	2.68
Liu, Yifeng (劉翌峰)	—	—	2,711,252	2.01
CDIB	—	—	903,751	0.67
Total	**84,000,000**	**25,417,983**	**25,756,893**	**100.00**

Notes:

* All percentages assume all classes of Preferred Shares are converted into Shares.

(1) BioEngine is owned as to 30.91% by Centerlab.

(2) The general partner of both Vivo Capital Fund VIII, L.P. and Vivo Capital Surplus Fund VIII, L.P. is Vivo Capital VIII, LLC.

(3) Wholly-owned by Chengwei Evergreen Capital, L.P., whose general partner is Chengwei Evergreen Management, LLC.

(4) Wholly-owned by Advantech Capital II L.P., whose general partner is Advantech Capital Partners II Limited.

(5) Controlled by Yuanta Construction.

(6) Wholly-owned by Yuanta Financial.

(7) The general partner of this fund is China Universal (Cayman) GP Limited.

Exercise of Pre-IPO Share Options in 2019

In July to August 2019, five Pre-IPO Share Option Scheme participants (including Ms. Yeh-Huang, Chun-Ying, a Director) exercised part of their respective Pre-IPO Share Options, following which a total of 2,267,500 Ordinary Shares were issued on September 6, 2019. See "Statutory and General Information — E. Pre-IPO Share Option Scheme" in Appendix V to this prospectus for details.

Conversion of Preferred Shares into Ordinary Shares

According to confirmations given to our Company by all the Preferred Shareholders in April 2019, all the Class A Preferred Shares and Class B Preferred Shares will be converted into Ordinary Shares immediately prior to the Capitalization Issue at a conversion ratio of 1:1, which was determined in accordance with the terms of conversion set out in our then articles of association. The following sets forth our Company's shareholding structure following the aforesaid conversion and immediately prior to the Capitalization Issue:

Shareholder	Shares	% of Total Issued Share Capital
		(%)
Centerlab	49,702,439	36.16
BioEngine[(1)]	1,398,000	1.02
Vivo Capital Fund VIII, L.P.[(2)]	22,965,806	16.71
Vivo Capital Surplus Fund VIII, L.P.[(2)]	3,171,303	2.31
Prime Success[(3)]	16,199,152	11.79
Advantech Capital V[(4)]	14,069,743	10.24
Vaxon[(5)]	3,181,563	2.31
Vaxgen[(5)]	4,073,000	2.96
Yuanta Venture Capital[(6)]	4,045,025	2.94
Yuanta Securities HK[(6)]	1,355,625	0.99
Prosperity SPV1 L.P.[(7)]	2,259,377	1.64
Formosa Lab	2,545,400	1.85
Miramonte	1,000,000	0.73
Cathay Venture	1,978,438	1.44
Fu Chuang Limited (富創有限公司)	3,615,002	2.63
Liu, Yifeng (劉翌峰)	2,711,252	1.97
CDIB	903,751	0.66
Pre-IPO Share Option Scheme participants	2,267,500	1.65
Total	**137,442,376**	**100.00**

Notes:

(1) BioEngine is owned as to 30.91% by Centerlab.

(2) The general partner of both Vivo Capital Fund VIII, L.P. and Vivo Capital Surplus Fund VIII, L.P. is Vivo Capital VIII, LLC.

(3) Wholly-owned by Chengwei Evergreen Capital, L.P., whose general partner is Chengwei Evergreen Management, LLC.

(4) Wholly-owned by Advantech Capital II L.P., whose general partner is Advantech Capital Partners II Limited.

(5) Controlled by Yuanta Construction.

(6) Wholly-owned by Yuanta Financial.

(7) The general partner of this fund is China Universal (Cayman) GP Limited.

Principal Terms of the Class A Preferred Shares and Class B Preferred Shares

Terms	Class A Preferred Shares	Class B Preferred Shares
Cost per Preferred Share	US$1.7704 (or US$0.5069 as adjusted for the Capitalization Issue)	US$2.2130 (or US$0.6337 as adjusted for the Capitalization Issue)
Date of the agreement(s)/ date of conversion	July 6, 2018	July 6, 2018
Funds raised by the Group (approximate)	US$45,000,000 (being the total funds raised from the issuance of the Convertible Bonds)	US$57,000,000
Corresponding valuation of the Company (on a fully-diluted and as-converted basis)	US$261,600,000	US$327,000,000
Last date on which investment was fully settled	January 26, 2018 (being the total funds raised from the issuance of the Convertible Bonds)	September 25, 2018
Conversion ratio into Shares	See "— Special Rights of all Preferred Shareholders — Anti-Dilution Right."	
Discount to the Offer Price (based on the Offer Price of HK$7.05 per Share, being the mid-point of the indicative Offer Price range)[(1)]	43.61%	29.50%

Terms	Class A Preferred Shares	Class B Preferred Shares
Use of Proceeds from the Convertible Bonds and the Class B Preferred Shares	Under the terms of the Convertible Bonds and the subscription agreement with respect to our Class B Preferred Shares, we are required to use the proceeds for general working capital. We have applied such proceeds raised to our research and development and other working capital use. As of the Latest Practicable Date, approximately 90.12% of the net proceeds from the Convertible Bonds and the Class B Preferred Shares had been utilized.	
Strategic benefits the Convertible Bonds and the Class B Preferred Shares brought to our Company	Our Directors are of the view that our Company had benefited from the additional capital provided by the issuance of the Convertible Bonds and the Class B Preferred Shares and the industry knowledge and experience of the relevant investors.	

Note:

(1) calculated based on the exchange rate of US$1.00 to HK$7.8430 for illustrative purpose only.

The Shareholders' Agreement

All rights and obligations of our Company and our Shareholders and Preferred Shareholders are set forth in the Shareholders' Agreement. Key terms of the special rights conferred to our Shareholders and our Preferred Shareholders are set forth below.

Special Rights conferred to all our Shareholders and Preferred Shareholders

All of our Shareholders and Preferred Shareholders have the following special rights:

- **Preemption Rights.** If our Company issues new equity securities, each Shareholder and each Preferred Shareholder will have the right to subscribe for a pro rata share of such new securities at the same price and on the same terms and conditions specified in the notice given by our Company in relation to such new issue of equity securities.

- **Right of First Offer.** If any Shareholder or Preferred Shareholder wishes to transfer its equity interest in our Company (the "**Transferred Shares**"), it must first notify all other Shareholders and Preferred Shareholders of the nature, amount and value of the Transferred Shares, the identity of the proposed transferee and the proposed cash price that the proposed transferee is willing to pay for the Transferred Shares. Such notice shall be an irrevocable offer to the recipients of such notice to acquire the Transferred Shares which shall expire only if the recipients indicate their non-acceptance of the offer or they do not accept the offer within the prescribed period.

- **Tag-Along Rights.** If a Shareholder or a Preferred Shareholder holding more than 20% of the issued share capital of our Company offers to sell all or part of its shareholding in our Company (the "**selling shareholder**"), the other Shareholders and Preferred Shareholders

may tag-along to sell such proportion of their shareholding pro rata to that being sold by the selling shareholder provided that they have not exercised their right of first offer under the Shareholders' Agreement.

- **Information Rights and Inspection Rights.** Shareholders or Preferred Shareholders holding more than 10% of the total issued share capital of our Company have the right to review our financial information, inspect our facilities and properties, examine our books and records and contact our relevant staff.

- **Director Nomination Rights.** Our Company shall have a total of nine Directors. The following Shareholders have the right to nominate candidates to our Board:

Centerlab:	2 Directors
Prime Success:	1 Director
Vaxgen and Vaxon:	1 Director
Vivo Capital:	2 Directors
Advantech Capital V:	1 Director

Special Rights of all Preferred Shareholders

In addition to the above special rights, Preferred Shareholders are entitled to the following special rights:

- **Anti-Dilution Right.**

  - *Conversion Right.* Preferred Shareholders are entitled to convert their Class A Preferred Shares and Class B Preferred Shares as the case may be, into Shares at any time at the Conversion Ratio;

    The Conversion Ratio is calculated as follows:

    i. if the price at which new Shares are issued ("**New Shares Issue Price**") is higher than the original subscription price of Class B Preferred Shares ("**Class B Subscription Price**"), there will be no adjustment required and the Conversion Ratio is 1:1.

    ii. If the New Shares Issue Price is higher than the price at which Class A Preferred Shares were converted into ("**Class A Subscription Price**") but lower than the Class B Subscription Price:

      - the Conversion Ratio of Class A Preferred Shares into Shares is 1:1

- the Conversion Ratio of Class B Preferred Shares into Shares is calculated as follows:

$$\text{Conversion Ratio:} \quad \frac{\text{total issued Shares + new Shares Class B Preferred Shareholders are entitled to at the Class B Subscription Price}}{\text{total issued Shares + new Shares to be issued pursuant to the New Shares Issue Price}}$$

iii. if the New Share Issue Price is lower than Class A Subscription Price

- the Conversion Ratio of Class A Preferred Shares into Shares will be calculated as follows:

$$\text{Conversion Ratio:} \quad \frac{\text{total issued Shares + new Shares Class A Preferred Shareholders are entitled to at the Class A Subscription Price}}{\text{total issued Shares + new Shares to be issued pursuant to the New Shares Issue Price}}$$

- the Conversion Ratio of Class B Preferred Shares into Shares is calculated as follows:

$$\text{Conversion ratio:} \quad \frac{\text{total issued Shares + new Shares Class B Preferred Shareholders are entitled to at the Class B Subscription Price}}{\text{total issued Shares + new Shares to be issued pursuant to the New Shares Issue Price}}$$

As the Offer Price (assuming no Capitalization Issue) is higher than the Class A Preferred Share conversion price and the Class B Preferred Share subscription price, the Conversion Ratio is 1:1.

- **Reserved Matters.** Matters that require the approval of no less than 50% of each class of the Class A Preferred Shareholders and Class B Preferred Shareholders include but are not limited to: ratification of, and amendment to, the articles of association or other constitutional documents of our Company; changes to our Company's capital structure; merger, spin-off, reorganization, bankruptcy, dissolution, liquidation, winding-up or other similar procedures involving our Company; any direct or indirect restriction on or modification to any right or obligation of the Class A Preferred Shares and Class B Preferred Shares; approval of share dividends or other distributions; amendments to our Company's dividend policy; certain related party transactions; approval of or amendment to compensation of senior management and employees.

- **Drag-Along Right.** Provided that the Class B Preferred Shareholders have not exercised their Redemption Option (as defined below), in the event a Redemption Event (as defined below) has occurred, with the written approval by the majority of all Class A Preferred Shareholders and the majority of all Class B Preferred Shareholders, where an offer has been made to any Preferred Shareholder or to our Company by a third party to acquire the shares or assets of our Company, they may request the other Shareholders or Preferred Shareholders to sell their Shares or Preferred Shares or agree to sell such assets of our Company upon the terms offered by such third party, provided that the consideration offered by the third party values our Company at least US$500 million.

- **Liquidation Preference.** Preferred Shareholders have preferential rights to any remaining assets or surplus funds of our Company upon its liquidation over other Shareholders.

- **Auditor recommendation.** Preferred Shareholders are entitled to recommend independent auditors to our Company.

Special Rights of Class B Preferred Shareholders

In addition to the special rights of the Shareholders and Class A Preferred Shareholders, Class B Preferred Shareholders are also entitled to the following rights:

- **Redemption Option.** The Class B Preferred Shareholders may exercise their redemption option (the "**Redemption Option**") and request our Company to buy-back their Class B Preferred Shares if (i) our Company fails to consummate a Qualified IPO (as defined below) or a Qualified M&A (as defined below) on or before September 25, 2022, being 48 months anniversary after the closing of the issuance of the Class B Preferred Shares; (ii) due to certain outstanding litigation, the sponsor (or underwriters) reasonably believes that the Company cannot complete a Qualified IPO (as defined below) on or before September 25, 2022; or (iii) Centerlab, BioEngine and/or any member of the Group has materially breached applicable laws, the Shareholders' Agreement and/or the Articles of Association (the Redemption Option in the case of (ii) and (iii), the "**Other Redemption Rights**") ((i), (ii) and (iii) together, the "**Redemption Events**").

  - A "**Qualified IPO**" means a listing of the Company on a stock exchange recognized by the majority of all Class A Preferred Shareholders and the majority of all Class B Preferred Shareholders with (i) a market capitalization of no less than US$500 million (or an equivalent amount in the local currency) and a capital raising of no less than US$100 million (or an equivalent amount in the local currency), if such Qualified IPO occurs on or before September 25, 2020; or (ii) a market capitalization of no less than US$700 million (or an equivalent amount in the local currency) and a capital raising of no less than US$140 million (or an equivalent amount in the local currency), if such Qualified IPO occurs after September 25, 2020.

  - A "**Qualified M&A**" means a bona fide general offer from a third party to acquire the Company prior to an Qualified IPO at (i) a valuation of no less than US$500 million (or an equivalent amount in the local currency), if such Qualified M&A occurs on or

before September 25, 2020; or (ii) a valuation of no less than US$700 million (or an equivalent amount in the local currency), if such Qualified M&A occurs after September 25, 2020.

- **Drag-Along Right.** If Class B Preferred Shareholders exercise their Redemption Option but our Company is unable to fully satisfy its obligation to buy-back their Class B Preferred Shares at the prescribed redemption price, and if a third party makes an offer to acquire the shares or assets of our Company, with the written approval of the majority of the Class B Preferred Shareholders, they may request all other Shareholders and Preferred Shareholders to sell their Shares or Preferred Shares under the same terms offered by the third party.

- **Information Rights.** Our Company shall provide the monthly, quarterly and annual financial reports to Class B Preferred Shareholders within specified periods of time.

- **Reserved Matters.** Matters that require unanimous approval by the Directors representing Class B Preferred Shareholders include but are not limited to: transfer of assets with a fair market value exceeding RMB30,000,000 or licensing of relevant franchise and intellectual property; investments in, establishment of or acquisition of subsidiaries, joint ventures or partnerships exceeding RMB30,000,000 in a single transaction; receipt of loans in the amount over RMB30,000,000; purchase or lease of real estate of a value exceeding RMB30,000,000; appointment or dismissal of an accounting firm; any material change to our Company's accounting policy.

Termination of All Special Rights

All special rights attached to the Shares, Class A Preferred Shares and Class B Preferred Shares will terminate upon the Listing, except that the Other Redemption Rights were terminated on April 25, 2019. All outstanding Preferred Shares will be converted into Shares immediately prior to the Capitalization Issue.

Furthermore, pursuant to the resolutions passed on September 30, 2019 by the then Shareholders, the Listing would be deemed to be a "Qualified IPO" for the purposes of our then articles of association and the Shareholders' Agreement.

Information about our Shareholders, Class A Preferred Shareholders and Class B Preferred Shareholders

Our Shareholders, Class A Preferred Shareholders and Class B Preferred Shareholders include certain sophisticated investors. The background information of our Shareholders, Class A Preferred Shareholders and Class B Preferred Shareholders is set out below:

Centerlab

Centerlab was founded in 1959 in Taiwan and listed on the Taipei Exchange on October 7, 2003. See "Relationship with Centerlab" for details.

Vivo Capital

Vivo Capital became our Shareholders in December 2015. The general partner of Vivo Capital is Vivo Capital VIII, LLC. Vivo Capital LLC serves as the management company of Vivo Capital and has a form of advisory agreement with Vivo Capital VIII, LLC. See "Substantial Shareholders" for more details.

Vivo Capital LLC is a healthcare-focused investment firm formed in 1996 with over US$3 billion of assets under management. Funds managed by Vivo Capital LLC have made investments in both private and public and both early-stage and established healthcare companies in the United States and the Greater China Region, spanning the areas of biopharmaceuticals, specialty pharmaceuticals and medical devices. Vivo Capital is a Sophisticated Investor by virtue of the investment experience and asset size of Vivo Capital LLC.

Prime Success

Prime Success initially invested in our Company in December 2010 and is wholly-owned by Chengwei Evergreen Capital, L.P., whose general partner is Chengwei Evergreen Management, LLC. See "Substantial Shareholders" for more details.

Funds managed by Chengwei Evergreen Management, LLC invest in companies that have scalable business opportunities in the Chinese economy. Their portfolio investments include over 40 companies operating in a wide range of industries such as internet, artificial intelligence, software and services, semiconductor, consumer goods, education and energy.

Advantech Capital V

Advantech Capital V initially invested in our Company in September 2018 and is wholly-owned by Advantech Capital II Master Investment Limited, which is in turn wholly-owned by Advantech Capital II L.P., whose general partner is Advantech Capital Partners II Limited. See "Substantial Shareholders" for more details.

Advantech Capital II L.P. and its affiliated entities focus on sectors such as healthcare, e-services as well as telecommunications, media and technology (TMT) in China. Within the healthcare sector, their portfolio investments mainly comprise (a) clinical-stage pharmaceutical companies specializing in the discovery and development of novel anti-cancer, anti-tumor or anti-arthritis drugs, such as (i) nanobodies, bispecifics and multi-antibody cocktails for treating various types of cancer, (ii) small molecules and antibodies for treating autoimmune diseases and inflammation, and (iii) small molecules for treating lung cancer, breast cancer, tumors and gout; and (b) developers and manufacturers of innovative medical equipment, such as coronary stents, balloon catheters and other disposable medical devices mainly used in minimally invasive interventional therapies for cardiovascular and cerebrovascular diseases. Advantech Capital V is a Sophisticated Investor by virtue of the investment experience of Advantech Capital II L.P. and its affiliated entities.

Vaxon and Vaxgen

Vaxon and Vaxgen are controlled by Yuanta Construction, a company incorporated and with its operations in Taiwan and a related party in substance of Yuanta Financial. See "Substantial Shareholders" for more details.

Yuanta Venture Capital

Yuanta Venture Capital became our Shareholder in January 2011. Yuanta Venture Capital is a wholly-owned subsidiary of Yuanta Financial, a company listed on the TWSE with stock code 2885. It is a comprehensive financial group with operations covering securities, banking, and insurance, among others. See "Substantial Shareholders" for more details.

Yuanta Securities HK

Yuanta Securities HK became a Class B Preferred Shareholder in September 2018. Yuanta Securities HK is a wholly-owned subsidiary of Yuanta Financial, and is a licensed corporation registered with the SFC to conduct Type 1, 2, 4, 5, 6 and 9 regulated activities. See "Substantial Shareholders" for more details.

Prosperity SPV1 L.P.

Prosperity SPV1 L.P. became a Class B Preferred Shareholder in September 2018. The general partner of Prosperity SPV1 L.P. is China Universal (Cayman) GP Limited, a Chinese investment management company.

Formosa Lab

Formosa Lab became our Shareholder in March 2016. Formosa Lab is a company incorporated in Taiwan and listed on the TWSE with stock code 4746 which produces active pharmaceutical ingredients (APIs) and ultraviolet-proof active ingredients (UV-filters) in its facilities near Taipei.

Miramonte

Miramonte became our Shareholder in December 2015. Miramonte is an investment company incorporated in Taiwan. It is owned by Formosa Lab's chairman and his family.

Cathay Venture

Cathay Venture became a Class A Preferred Shareholder in June 2016. Cathay Venture, founded in 2003 and is based in Taipei, Taiwan, operates as an investment arm of Cathay Financial Holding Co., Ltd. (國泰金融控股股份有限公司), a company listed on the TWSE with stock code 2882. Cathay Financial Holding Co., Ltd. is a full-functioning financial platform with operations in insurance, securities, banking and other diversified financial institutions. Cathay Venture is a venture capital firm specializing in seed, growth and late stage investments. The firm focuses in areas such as biotech, fintech, high tech, and ODM/OEM companies.

Fu Chuang Limited (富創有限公司)

Fu Chuang Limited became a Class B Preferred Shareholder in September 2018. It is an investment holding vehicle owned by four individuals, being Ling, Zhende (凌振德), Wang, Junlin (王俊林), Zhai, Zhihui (翟志慧) and Zhang, Ying (張英), who are Independent Third Parties, as to 43.75%, 25%, 18.75% and 12.5% respectively. Ling, Zhende is the executive director and major shareholder of Shanghai Pudong Zhongtian Auto Sales & Service Co., Ltd. (上海浦東眾天汽車銷售服務有限公司) and is the sole

director of Fu Chuang Limited. Wang, Junlin is the chairman and general manager of Shanghai Union Laboratory Co., Ltd. (上海有臨醫藥科技有限公司) and was once a director of Sunshine Guojian Pharmaceutical (Shanghai) Co., Ltd. (三生國健藥業(上海)股份有限公司) (formerly known as Shanghai CP Guojian Pharmaceutical Co., Ltd. (上海中信國健藥業股份有限公司)); both companies provide CRO or CDMO and other services in relation to the clinical research of oncology drugs. Zhai, Zhihui is the director of the quality control center of Sunshine Guojian Pharmaceutical (Shanghai) Co., Ltd. Zhang, Ying has years of experience in investing in biotechnology companies.

Liu, Yifeng (劉翌峰)

Liu, Yifeng became a Class B Preferred Shareholder in September 2018. He is an Independent Third Party and is a seasoned private equity and venture capital investor in the PRC, who has invested in companies in various emerging industries such as biotechnology, medical technology and internet technology over the years.

CDIB

CDIB became a Class B Preferred Shareholder in September 2018. Established in September 2014, CDIB integrates the resources of China Development Financial Holding Corporation (中華開發金融控股股份有限公司), a company listed on the TWSE with stock code 2883, and utilizes an industry chain investment strategy to create a horizontally and vertically-integrated portfolio. Its investments focus on pharmaceuticals, medtech, precision medicine, and healthcare services.

Public Float

Upon completion of the Global Offering (assuming the Over-Allotment Option is not exercised and no further Shares are issued pursuant to the Pre-IPO Share Option Scheme, and taking into account the Offer Shares to be subscribed for by the Cornerstone Investors as calculated based on the Offer Price of HK$7.05 per Share (being the mid-point of the indicative Offer Price range)), Centerlab and its close associate BioEngine together will hold 32.28% and Vivo Capital will hold 17.97%, of the total issued Shares; therefore, each of them will be a substantial shareholder (as defined under the Listing Rules) of the Company and their Shares will not count towards our public float. In addition, one of the Company's Directors, Ms. Yeh-Huang, Chun-Ying will hold 1.25% of the total issued Shares upon the completion of the Global Offering (assuming the Over Allotment Option is not exercised and no further Shares are issued pursuant to the Pre-IPO Share Option Scheme), which will also not count toward our public float.

Save as disclosed above, to the best of the Directors' knowledge, all other investors and Shareholders of our Company are not core connected persons of our Company. As a result, an aggregate of approximately 48.50% of the Shares (upon completion of the Global Offering, assuming the Over-Allotment Option is not exercised and no further Shares are issued pursuant to the Pre-IPO Share Option Scheme) with a market capitalization of approximately HK$1,949.0 million (based on the Offer Price of HK$7.05 per Share, being the mid-point of the indicative Offer Price range) held by our Shareholders will count towards the public float; hence, over 25% of the Company's total issued Shares will be held by the public upon completion of the Global Offering and the Capitalization Issue as required under 8.08(1)(a) of the Listing Rules.

Pre-IPO Share Option Scheme

The Company adopted the Pre-IPO Share Option Scheme in 2013 and has from time to time granted Pre-IPO Share Options thereunder. For the details of the terms of Pre-IPO Share Option Scheme, see "Statutory and General Information — E. Pre-IPO Share Option Scheme" in Appendix V to this prospectus.

COMPLIANCE WITH INTERIM GUIDANCE AND GUIDANCE LETTERS

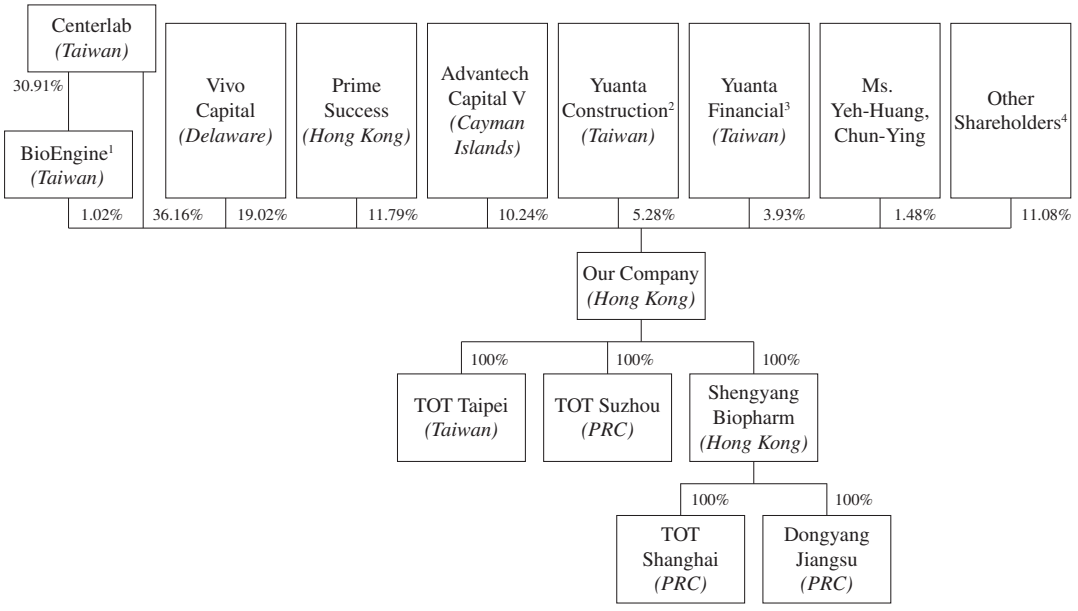
The Sole Sponsor confirms that the investment by the Shareholders, Class A Preferred Shareholders and Class B Preferred Shareholders is in compliance with the Guidance Letter HKEX-GL29-12 issued in January 2012 and updated in March 2017 by the Stock Exchange, Guidance Letter HKEX-GL43-12 issued in October 2012 and updated in July 2013 and in March 2017 by the Stock Exchange and Guidance Letter HKEX-GL44-12 issued in October 2012 and updated in March 2017 by the Stock Exchange.

CAPITALIZATION ISSUE

On September 30, 2019, pursuant to the resolutions of our Shareholders at the time, our Directors were authorized, subject to the Global Offering becoming unconditional in all respects, to allot and issue such number of new Shares to all Shareholders at a ratio of 2.4923792 new Shares for each Share held (rounded down to the nearest 100 Shares) pursuant to the Capitalization Issue prior to completion of the Global Offering.

OUR CORPORATE AND SHAREHOLDING STRUCTURE

The following diagram illustrates the corporate and shareholding structure of our Group immediately prior to the completion of the Global Offering (assuming no further Pre-IPO Share Options are exercised after the Latest Practicable Date):



Notes:

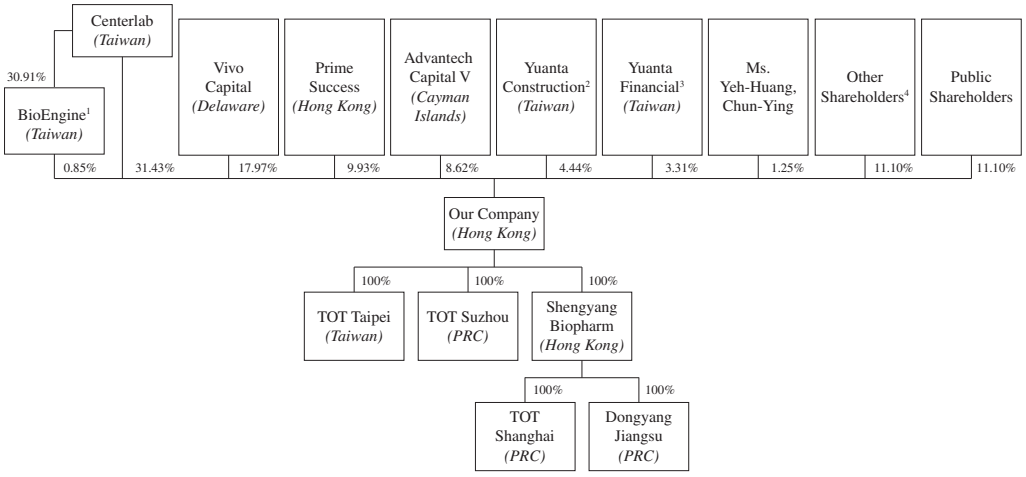
(1) BioEngine is owned as to 30.91% by Centerlab and is an associate of Centerlab.

(2) The Shares are held through its controlled corporations Vaxgen and Vaxon.

(3) The Shares are held through its subsidiaries Yuanta Venture Capital and Yuanta Securities HK.

(4) Other Shareholders include Prosperity SPV1 L.P., Formosa Lab, Miramonte, Cathay Venture, Fu Chuang Limited, Yifeng Liu, CDIB and other Pre-IPO Share Option Scheme participants who are not Directors.

The following diagram illustrates the corporate and shareholding structure of our Group immediately upon completion of the Global Offering (assuming no further Pre-IPO Share Options are exercised after the Latest Practicable Date and that the Over-Allotment Option is not exercised, and taking into account the Offer Shares to be subscribed for by the Cornerstone Investors as calculated based on the Offer Price of HK$7.05 per Share (being the mid-point of the indicative Offer Price range)):



Notes:

(1) BioEngine is owned as to 30.91% by Centerlab and is an associate of Centerlab.

(2) The Shares are held through its controlled corporations Vaxgen and Vaxon.

(3) The Shares are held through its subsidiaries Yuanta Venture Capital and Yuanta Securities HK.

(4) Other Shareholders include Prosperity SPV1 L.P., Formosa Lab, Miramonte, Cathay Venture, Fu Chuang Limited, Yifeng Liu, CDIB and other Pre-IPO Share Option Scheme participants who are not Directors.

OVERVIEW

We are a clinical-stage biopharmaceutical company dedicated to developing and commercializing innovative oncology drugs and therapies. Our mission is to build a leading brand name of oncology treatments trusted by patients and their families as well as medical professionals in China. We have a comprehensive portfolio of oncology drug candidates, which include mAbs, ADCs, oncolytic virus products and specialty oncology drugs such as liposome drugs, targeting various types of cancers. Since our inception in 2009, we have built and established a fully integrated in-house platform of discovery, process development, quality management, pre-clinical and clinical development, as well as commercial-scale manufacturing facilities and proven sales and marketing capabilities, which provides flexibility and scalability for our business to expand along the innovative drug industry value chain.

Our comprehensive product pipeline consists of seven biological and five chemical drug candidates, 11 of which are in-house developed. Our strategy is to develop innovative drugs that have high viability for commercialization and clear market demand. We focus on achieving a diverse product mix with a sustainable launch schedule, targeting to start from 2020. We also intend to leverage our commercial-scale manufacturing and proven sales and marketing capabilities to shorten the time-to-market and time-to-peak sales of our products when approved. As of the Latest Practicable Date, we had four biological drug candidates in the clinical stage. Our most advanced biological drug candidate and Core Product, TAB008, is undergoing Phase III clinical trials. TAB008 is a bevacizumab biosimilar. Bevacizumab has been approved for the treatment of non-squamous non-small-cell lung cancer (nsNSCLC) and metastatic colorectal cancer (mCRC) in China. We currently expect to launch TAB008 between late 2020 and early 2021 subject to regulatory approval. We have three other clinical-stage biological drug candidates undergoing Phase I clinical trials (namely TAD011 and TAB014, both mAb drugs, and TAA013, an ADC drug) and three biological drug candidates undergoing pre-clinical development (namely TAY018, TEP118 and TVP211). Among our chemical drug candidates, we submitted the ANDA for one small molecular chemical drug (namely TOZ309), which was accepted by the NMPA in July 2019. We had two small molecular chemical drugs (namely TOM312 and TIC318) undergoing CMC or BE study and two liposome chemical drugs (namely TID214 and TIO217) in the pre-clinical stage as of the Latest Practicable Date. We target to commercialize these pipeline products in China once approved and plan to establish our presence in overseas markets in the long term.

Our pipeline of 12 drug candidates is under research and development toward the submission or approval of NDAs or ANDAs. Development progress and key milestones differ in these two regulatory pathways. The following chart summarizes the development status, as of the Latest Practicable Date, of each of the nine drug candidates for which an NDA is required to be submitted:

Category	Drug Candidate	Indication(s)	Registration Category[1]	Pre-Clinical	Clinical Trials			NDA[2]	Commercial Rights
					Phase I	Phase II	Phase III		
Monoclonal antibody/ recombinant protein	**TAB008**[3] (anti-VEGF mAb)	nsNSCLC[4]	Category 2 biosimilar						Worldwide
	TAD011 (anti-EGFR mAb)	Nasopharyngeal cancer, esophageal cancer, pancreatic cancer	Category 2 new drug						Worldwide
	TAB014[5] (anti-VEGF mAb)	Wet age-related macular degeneration (wAMD)	Category 1 new drug						Worldwide[6]
	TAY018 (anti-CD47 mAb)	Non-Hodgkin's lymphoma, myelodysplastic syndrome, acute myelogenous leukemia, solid tumors	Category 1 new drug						Worldwide
	TEP118[7] (modified version of hyaluronidase)	Biliary cancer, gallbladder tumors, metastatic cancer, NSCLC, gastric cancer	Category 1 new drug						Worldwide
ADC drug	**TAA013** (anti-HER2 ADC)	HER2+ breast cancer	Category 1 new drug						Worldwide
Oncolytic virus drug	**TVP211** (genetically modified vaccinia virus)	Solid tumors	Category 1 new drug						Worldwide
Liposome chemical drug	**TID214** (liposomal docetaxel)	Solid tumors	Category 2 new drug						Worldwide
	TIO217 (liposomal oxaliplatin)	Gastrointestinal tumors	Category 2 new drug						Worldwide

(1) See "Regulatory Overview — Relevant Laws and Regulations of the PRC — Examination and Approval of New Drug" for details of each category.

(2) NDA is applicable to the application of new drugs and Category 5.1 imported drugs.

(3) Core Product.

(4) TAB008 is a bevacizumab biosimilar. Bevacizumab has been approved for the treatment of nsNSCLC and mCRC in China. Additional indications of bevacizumab approved in the United States or the EU include glioblastoma, renal cell carcinoma, cervical cancer, ovarian cancer and breast cancer.

(5) TAB014 is an ophthalmic formulation of bevacizumab.

(6) We licensed out the right of commercialization in China, Hong Kong and Macau.

(7) Recombinant protein.

The other three of our drug candidates are small molecular chemical drugs, for which an ANDA is required to be submitted following completion of CMC or BE study. We expect to start commercialization of TOZ309 in the fourth quarter of 2020. The following chart summarizes the development status of each of them as of the Latest Practicable Date:

Category	Candidate	Indication(s)	Registration Category[1]	CMC	BE Study	ANDA[2]
Small molecular chemical drug	**TOZ309** (temozolomide)	Malignant glioma	Category 4 generic drug			
	TOM312 (megestrol acetate)	Cancer- and HIV-associated cachexia	Category 5.2 imported drug			
	TIC318 (carboplatin)	Epithelial-derived ovarian cancer, small-cell lung cancer, head and neck squamous cell carcinoma, testicular tumors, malignant lymphoma, cervical cancer, bladder cancer, and NSCLC	Category 4 generic drug			

Note:

(1) See "Regulatory Overview — Relevant Laws and Regulations of the PRC — Examination and Approval of New Drug" for details of each category.

(2) ANDA is applicable to the application of generic drugs or Category 5.2 imported drugs.

For details of our Core Product and other drug candidates, see "— Our Drug Candidates".

We develop our pipeline on our three integrated technology platforms. The Therapeutic Monoclonal Antibody and ADC Technology Platform facilitates our development of a series of antibody drugs and ADCs by integrating our research and development team capability and manufacturing competence. The Gene Engineering Based Therapeutics Technology Platform integrates anti-tumor immunotherapy, gene therapy and viral therapy and functions as a research and development and manufacturing platform for the tumor-targeted recombinant oncolytic virus vector system. With an integrated research and development capability, patents and state-of-the-art laboratories for molecular biology, cytology, and virology as well as our first-class facilities, we believe this platform is an international standard gene engineering based therapeutics research and development platform that can play an important role in anti-tumor gene therapeutics research and development, pilot production and industrialization. The Innovative Drug Delivery Technology Platform consists of an advanced targeted liposome drug delivery system possessing the key encapsulation technologies of both hydrophobic and hydrophilic compounds, capable of preventing decomposition of the entrapped combinations and releasing the entrapped compounds at designated targets, through which we have developed commercial-scale, GMP-compliant manufacturing capability for liposome drugs. Our production lines utilize aseptic isolators and are capable of producing OEL-5 chemical injections while ensuring quality consistency. With the platform's built-in technology capability, together with a team of experienced researchers and professional production staff responsible for its operation, we believe this platform represents a state-of-the-art manufacturing capability for specialty oncology drugs. Taking advantage of these technology platforms, we have developed a robust product pipeline and will continue to further the clinical and pre-clinical development of our drug candidates.

We own and operate cost-efficient commercial-scale and state-of-the-art manufacturing facilities, built to and operating at international standards, at our Suzhou Production Center. The No. 1 Campus, completed in 2012, includes a biologic pilot plant (equipped with a 500L bioreactor for mAbs, an OEL-5 isolator for ADCs and a BSL-2 certified viral facility) and GMP-compliant workshops for oral and injectable small molecular drugs. The No. 2 Campus, completed in March 2018, is a state-of-the-art antibody production site with a designed capacity of 16,000L to accommodate high-quality commercial manufacturing. We have been using 2,000L bioreactors to manufacture TAB008 samples for Phase III clinical trial use, demonstrating our readiness for commercial production.

Equipped with our full industry value chain capabilities, including research and development, clinical trials, manufacturing and commercialization, we adopt an open platform business model and collaborate with third party business partners at different stages of the industry value chain. Our open platform is attractive to an industry player whose capability is complementary to ours. As such, we have entered into various collaboration arrangements with different industry players.

We have assembled a senior management team with extensive experience and profound knowledge in cancer treatment. Our senior management team represents a full spectrum of complementary skillsets, including pre-clinical research, clinical development, manufacturing, quality control and assurance and commercialization, and has broad experience in different cancer treatments including mAbs, ADCs, oncolytic virus and specialty oncology drugs. With a proven record of success and extensive expertise in oncology, our management team is key to our Company and is well-positioned to lead us to achieve future success.

We received equity investment from well-known investors, raising approximately US$84.0 million in initial equity financing, subsequent equity financing and further equity financing between 2011 and 2016, US$45.0 million in convertible bond financing in 2017 and 2018 and US$57.0 million in class B preferred shares financing in 2018. See "History and Development — Major Changes to Our Company's Issued Share Capital Since Its Establishment" for further details. For the years ended December 31, 2017 and 2018 and the four months ended April 30, 2019, our research and development expenses were approximately RMB105.9 million, RMB188.7 million and RMB48.3 million , respectively.

OUR STRENGTHS

Robust product pipeline with sustainable launch schedule, covering a wide variety of cancer types and extended applications

Our product pipeline includes a wide variety of biological and chemical drugs covering different cancer-related indications at various stages. With our vision to address patients' needs for comprehensive cancer treatment solutions, we have developed our product pipeline comprising mAb drugs, an ADC drug, an oncolytic virus drug and chemical drugs (including liposome drugs). Our strategy is to develop innovative drugs that have high viability for commercialization and clear market demand. We focus on achieving a diverse product mix with a sustainable launch schedule, targeting to start from 2020. We also intend to leverage our commercial-scale manufacturing and proven sales and marketing capabilities to shorten the time-to-market and time-to-peak sales of our products when approved. As of the Latest Practicable Date, we had a portfolio of 12 drug candidates including four biological drug candidates in clinical stage, one chemical drug candidate for which an ANDA had been submitted and two chemical drug candidates undergoing CMC or BE study.

TAB008, our most advanced biological drug candidate and our Core Product, is currently undergoing Phase III clinical trials in China, and we expect to launch this product between the end of 2020 and early 2021, subject to regulatory approval. It is an anti-VEGF mAb and biosimilar drug candidate to bevacizumab, which is sold under the trade name of Avastin. Avastin has been the most widely used anti-VEGF mAb drug with abundant real-world evidence of its efficacy and safety since its entry into the market in 2004. According to Frost & Sullivan, the global bevacizumab market reached US$7.0 billion in 2018. The bevacizumab market in China reached RMB3.2 billion in 2018 and is estimated to grow to RMB13.1 billion in 2023, representing a CAGR of 32.7%; the bevacizumab biosimilar market in China is expected to reach RMB0.02 billion in 2019 and is estimated to grow to RMB6.4 billion in 2023, representing a CAGR of 343.9% from 2019 to 2023, according to Frost & Sullivan.

As of the Latest Practicable Date, the NMPA has only approved two indications for bevacizumab, namely, first-line treatment for mCRC and nsNSCLC. However, the FDA has approved six while the EMA has approved seven indications, including in combination with erlotinib in EGFR mutant NSCLC, and we believe this last indication has the utmost significance in Asian populations. Therefore, we believe the overall potential for bevacizumab in China is huge as we expect the NMPA to approve new indications in the future similar to the FDA and the EMA. If Avastin obtains any approval from the NMPA for new indications, we may be able to expand the indication of TAB008 in an expedited process without separate clinical trials.

In Phase I clinical trials, TAB008 and Avastin demonstrated bioequivalent pharmacokinetic profiles and comparable safety profiles and immunogenicity. We expect to complete the Phase III clinical trials of TAB008 around the year end of 2019 and submit an NDA for TAB008 in March or April of 2020. We plan to commercialize TAB008 leveraging our proven sales and marketing capabilities and our commercial-scale manufacturing facilities. See "— Our Drug Candidates — Our Core Product — Commercialization Plans" for details. As there is abundant evidence of the efficacy of Avastin used in combination with other therapies, we plan to capitalize on these market opportunities in the commercialization of TAB008 via combining immuno-oncology treatments.

In light of the significant growth potential of the bevacizumab market in China, 13 bevacizumab biosimilar drug candidates have completed or reached Phase III clinical trial. Our TAB008 was the first bevacizumab biosimilar to register on the CDE's website for Phase III clinical trials among the 11 Phase III candidates, second in progress only to the two candidates for which NDAs have been submitted. Moreover, leveraging our commercial-scale manufacturing and proven sales and marketing capabilities, we believe we are able to shorten the time-to-market and time-to-peak sales of our TAB008 when approved. We plan to compete with other bevacizumab developers primarily based on our focus on product quality, manufacturing cost efficiency and reliability of supply, given our projected capability to manufacture TAB008 on a large scale and in accordance with GMP quality standards, while maintaining sound cost control measures (including through adopting and developing cost-effective technologies such as single-use technologies, cell culture media, and our proprietary perfusion-batch hybrid technology). In particular, we use 2,000L bioreactors to manufacture TAB008, demonstrating our readiness for cost-efficient commercial production. See "— Our Strengths — Cost-efficient commercial-scale and state-of-the-art manufacturing facilities, built to and operating at international standards" for details. We believe our TAB008 is well positioned to tap into the bevacizumab biosimilar market as one of the first movers.

In addition to TAB008, we have three biological drug candidates undergoing Phase I clinical trials, including:

TAA013, an ADC candidate containing trastuzumab and emtansine (Trastuzumab-MCC-DM1) aiming to become an affordable alternative to Kadcyla, is currently undergoing Phase I clinical trials in China. In July 2019, the Phase I clinical trial for TAA013 completed the fourth dose level. In addition, the Company released the data of TAA013 Phase I clinical trial in September 2019, thus becoming the first company in China to release Phase I clinical data for T-DM1 ADC drug candidates. We currently expect to complete its Phase III clinical trials by the end of 2022 and to launch this product in 2023, subject to regulatory approval. In the United States, Kadcyla is considered the standard second-line treatment for metastatic HER2+ breast cancer patients who received trastuzumab, pertuzumab and taxane in the first-line treatment, according to Frost & Sullivan. However, Kadcyla is substantially more expensive than alternative drugs and therapies. According to Frost & Sullivan, Kadcyla had worldwide sales of US$1.0 billion in 2018. No ADC product is currently available in China, while China's market for ADC products that target HER2+ breast cancer is expected to reach RMB1.5 billion in 2024, according to Frost & Sullivan.

Unlike chemotherapy, ADCs are intended to target and kill only the cancer cells. The antibody embodied in an ADC can specifically target tumor cells and deliver the cytotoxic drug linked to such antibody into tumor cells. Due to this mechanism, ADCs have higher potency and much less off-target toxicity compared to chemotherapy, according to Frost & Sullivan. We believe we are one of the few biotech companies in China possessing manufacturing capabilities for ADC drugs. In addition, we are in the process of constructing a GMP-compliant workshop specialized in commercial-scale ADC production and built to international standards. As such, we believe we are well positioned to capture the huge market opportunities leveraging our strength in manufacturing.

TAD011 is an anti-EGFR mAb drug candidate with the same primary sequence as nimotuzumab. TAD011 possesses advantages over nimotuzumab because it is expressed in CHO cells, which are more adaptable to human bodies than drugs expressed in NS0 cells, and its antibody-dependent cell-mediated cytotoxicity (ADCC) activity is substantially higher. Compared to other anti-EGFR mAb drugs, TAD011 has lower off-target toxicity due to its lower affinity for EGFR and hence reduced effect on normal epithelial cells. We believe it is also more affordable and suitable for various combination therapies.

TAD011 is currently undergoing Phase I clinical trials in China, and we expect to complete its Phase III clinical trials by 2023 and to launch this product in 2024, subject to regulatory approval. Compared to small molecular inhibitors of EGFR, nimotuzumab has a broader range of indications, including nasopharyngeal cancer, esophageal cancer and pancreatic cancer. According to Frost & Sullivan, the incidence of EGFR-positive advanced nasopharyngeal cancer reached 37,700 in 2018 and is expected to grow to 42,500 by 2023 at a CAGR of 2.5%. The incidence of EGFR-positive advanced esophageal cancer in China reached 143,000 in 2018 and is expected to grow to 167,000 by 2023 at a CAGR of 3.1%. China's market for nimotuzumab for treatment of nasopharyngeal cancer and esophageal cancer reached RMB489.1 million in 2018 and is expected to reach RMB2,504.8 million in 2024, according to Frost & Sullivan. In addition, the incidence of metastatic pancreatic cancer in China reached 83,900 in 2018 and is expected to grow to 98,600 by 2023 at a CAGR of 3.3%, according to Frost & Sullivan.

TAB014 is the first bevacizumab based antibody having enrolled patients in Phase I clinical trial for the treatment of retinal neovascularization, such as wet age-related macular degeneration (wAMD), in

China. Therefore, we expect it to be first-in-class in China. It may also be used for the treatment of diabetic macular edema (DME), retinal vein occlusion (RVO) and choroidal neovascularization (CNV). We licensed out the right of commercialization in China, Hong Kong and Macau as it is a non-oncology drug. See "— Collaboration with Strategic Business Partners" for details. We expect the Phase III clinical trials of TAB014 to be completed by 2022, followed by product launch in 2023, subject to regulatory approval. TAB014 is developed based on bevacizumab with an ophthalmic formulation. Although it is not an oncology drug, we decided to develop it as an extension of our development of TAB008 to target the huge unmet ophthalmic market demand. We intend to produce TAB014 in a cost-efficient manner by utilizing our existing commercial-scale manufacturing capabilities for TAB008 and to position TAB014 as a much more affordable anti-VEGF therapeutic option compared to Lucentis, Langmu and Eylea for the said eye diseases. China's market for anti-VEGF mAbs as a treatment for wAMD reached RMB2.0 billion in 2018 and is expected to reach RMB6.0 billion in 2023, according to Frost & Sullivan. We also intend to tap into potential overseas markets for TAB014 by seeking co-development and/or out-license opportunities.

In addition, we are developing TOZ309, a generic drug candidate of Temodal (temozolomide capsule). Temozolomide is an alkylating agent that can kill cancer cells by damaging their DNA. With improved efficacy and fewer side effects compared to conventional chemotherapy drugs, temozolomide capsules are today used as a first-line medication for both newly diagnosed and recurrent glioma. China's market for temozolomide capsules reached RMB1.8 billion in 2018 and is expected to grow to RMB2.5 billion by 2023 at a CAGR of 6.2%, according to Frost & Sullivan. We submitted the ANDA for TOZ309, which was accepted by the NMPA in July 2019.

We are also developing TOM312, a generic drug candidate of Megace (megestrol acetate oral suspension) for the treatment of cancer- and HIV-associated cachexia. Megestrol acetate is a progestin medication that can be used to treat cachexia. Megestrol acetate is easier to absorb and has better tolerance in oral suspension than in solid dosage forms, but currently it is only available in solid dosage forms in China. China's megestrol acetate oral suspension market is expected to grow to RMB297.8 million in 2022 and RMB1,384.5 million in 2030, according to Frost & Sullivan. We expect to submit an ANDA in 2021, subject to regulatory approval.

In addition to the drug candidates above, we had three other biological drug candidates and three other chemical drug candidates as of the Latest Practicable Date. In particular, TVP211, an oncolytic virus drug, is genetically engineered by changing the TK gene and has the potential to treat multiple types of solid tumors, including liver cancer, lung cancer, ovarian cancer and brain glioma. TVP211 is based on vaccinia virus, which we believe outperforms other oncolytic viruses as it has better package capability to express more functional elements. As of the Latest Practicable Date, we also had two chemical drug candidates, namely TID214 and TIO217, that use liposomes as a delivery system. For more information about our drug candidates, see "— Our Drug Candidates".

Well-established and advanced technology platforms focusing on oncology drugs

All our drug candidates are developed on our integrated technology platforms: the Therapeutic Monoclonal Antibody and ADC Technology Platform, the Gene Engineering Based Therapeutics Technology Platform and the Innovative Drug Delivery Technology Platform. Equipped with a combined research and development and manufacturing competence, our research and development staff are able to progress the development efficiently, keep track of achievements in their respective fields and achieve innovative solutions.

Therapeutic Monoclonal Antibody and ADC Technology Platform. We develop a series of antibody drugs on this platform. The platform is capable of performing a wide range of functions, from screening cell clones and building cell banks to CMC development, pilot production, scale-up production, purification and filling and packaging. Mr. Liu, Donglian, our vice general manager, has 20 years of experience in the pharmaceutical industry specializing in the development and manufacturing of mAb drugs. For our production capability, see "— Our Strengths — Cost-efficient commercial-scale and state-of-the-art manufacturing facilities, built to and operating at international standards". To maximize the synergy of the development of antibody drugs, in addition to mAbs, we further develop ADCs by linking the antibody to the cytotoxic agent. We have developed on this platform four mAb or ADC drug candidates that have progressed to clinical trials, namely TAB008, TAD011, TAB014 and TAA013.

Gene Engineering Based Therapeutics Technology Platform. This platform integrates anti-tumor immunotherapy, gene therapy and viral therapy and functions as a research and development and manufacturing platform for the tumor-targeted recombinant oncolytic virus vector system. We have a dedicated research and development team in Zhangjiang Hi-Tech Park, Shanghai focusing on early discovery and enhancing our capability to collaborate with other innovational oncology drug companies. Our technology infrastructure in Suzhou allows us to conduct pre-clinical studies and biopilot production on oncolytic virus. Equipped with such capabilities, we have developed TVP211, an oncology drug based on vaccinia virus capable of treating multiple types of solid tumors, from early discovery stage. In addition, we have four patents for inventions in China, effectively covering all oncolytic viruses that induce an overexpression of granulocyte macrophage colony-stimulating factor (GM-CSF) or heat shock protein 70 (HSP70) in their target cells. With an integrated research and development capability, patents and state-of-the-art laboratories for molecular biology, cytology, and virology as well as our first-class facilities, we believe our platform is an international standard gene engineering based therapeutics research and development platform that can play an important role in anti-tumor gene therapeutics research and development, pilot production and industrialization.

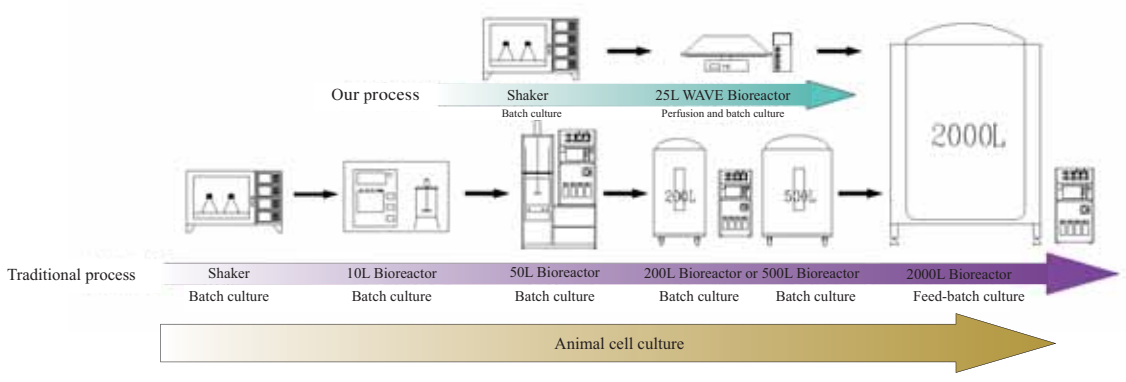
Innovative Drug Delivery Technology Platform. We develop an advanced targeted liposome drug delivery system on this platform. Liposomes are increasingly used as a delivery system due to their biocompatibility, biodegradability, low toxicity, and aptitude to trap both hydrophilic and lipophilic drugs and simplify site-specific drug delivery to tumor tissues. Commercial-scale production of liposomes as a drug delivery system is difficult due to the sophistication of the technologies involved, and so far only around 10 liposome drug products have been launched globally. After years of efforts, we have developed commercial-scale, GMP-compliant manufacturing capability for liposome drugs. Our production lines utilize aseptic isolators and are capable of producing OEL-5 chemical injections while ensuring quality consistency. Taking advantage of the physiological property and blood transport function, the system can deliver the active molecules to the tumor tissue effectively in vivo. It then becomes concentrated and located on the target tissue, the target organ, or target cells with sustained release of the active molecules. The director of this platform, Mr. Chen, Xiaobao, has over 10 years of experience in developing and manufacturing specialty drug delivery systems. With the platform's built-in technology capability, together with a team of experienced researchers and professional production staff responsible for its operation, we believe the platform represents a state-of-the-art manufacturing capability for specialty oncology drugs.

We believe that the broad coverage of our technology platforms will allow us to better penetrate the fast growing market and manage our pipeline development to achieve fast-to-market commercialization. We also utilize our technology platforms to explore combination therapies, such as using liposomes to deliver oncolytic virus and developing liposome antibody-ionophore conjugates.

Cost-efficient commercial-scale and state-of-the-art manufacturing facilities, built to and operating at international standards

We own and operate an oncology drug production center in Suzhou Industrial Park. The No.1 Campus, completed in 2012, comprises a biologic pilot plant equipped with a 500L bioreactor for mAbs, an OEL-5 isolator for ADCs and a BSL-2 certified viral facility and GMP-compliant workshops for oral and injectable small molecular drugs. The No. 2 Campus, completed in March 2018, is a state-of-the-art antibody production site with a designed capacity of 16,000L to accommodate high-quality commercial manufacturing. We have been using 2,000L bioreactors to manufacture TAB008 samples for Phase III clinical trials use. Given our readiness for commercial production, we are in a position to quickly ramp up our production capacity to 16,000L without further construction or material modification. Furthermore, all of our mAb and ADC production facilities and workshops for oral and injectable small molecular drugs are GMP-compliant. We expect that our compliance with international standards will assist in expediting the regulatory approval process for the commercial scale manufacture of our drug candidates.

We developed and, have been taking advantage of, technologies and know-how that can increase efficiency, which render savings on capital expenditure, facility space, production time and production costs. For example, we adopt disposable bioreactor systems to enhance production safety and lower production costs. We believe that, compared to traditional stainless steel bioreactors, single-use bioreactors possess many advantages, including shorter downtimes, reduced cleaning and sterilization efforts, a significantly lower risk of cross contamination, flexibility and easy shifts in portfolios based on market needs. In addition to operational efficiency, single-use technologies also allow us to benefit from material savings in terms of capital investment and production cost. According to the Frost & Sullivan Report, single-use bioreactors generally reduce capital expenditure by up to 50%, and save the need for clean-up and disinfection after each production cycle, which reduces per-batch production time and decreases the risk of contamination. In addition, we have developed our perfusion-batch hybrid technology, a new cell amplification technology that combines batch and perfusion culture for cell amplification in commercial production. This technology allows us to conduct seed expansion in 25L WAVE bioreactors and directly scale up to 2,000L bioreactors, skipping 10L, 50L and 200L or 500L bioreactors. In comparison, the cell culture process using fed-batch technology, the mainstream technology applied in mAb manufacturing in China, generally takes 40 to 45 days, given it involves switching bioreactors from 10L, 50L, 200L and/or 500L to scale up to 2,000L. As a result, our perfusion-batch hybrid technology, on the one hand, shortens the time of cell culture by eight to ten days from the industry standard, which enlarges annual production capacity by rendering more batches in a given year; on the other hand, with fewer bioreactors required in the process, it reduces production costs and saves upfront capital investment, according to Frost & Sullivan. The following chart illustrates our process of cell culture using our perfusion-batch hybrid technology in comparison with the traditional process of cell culture:

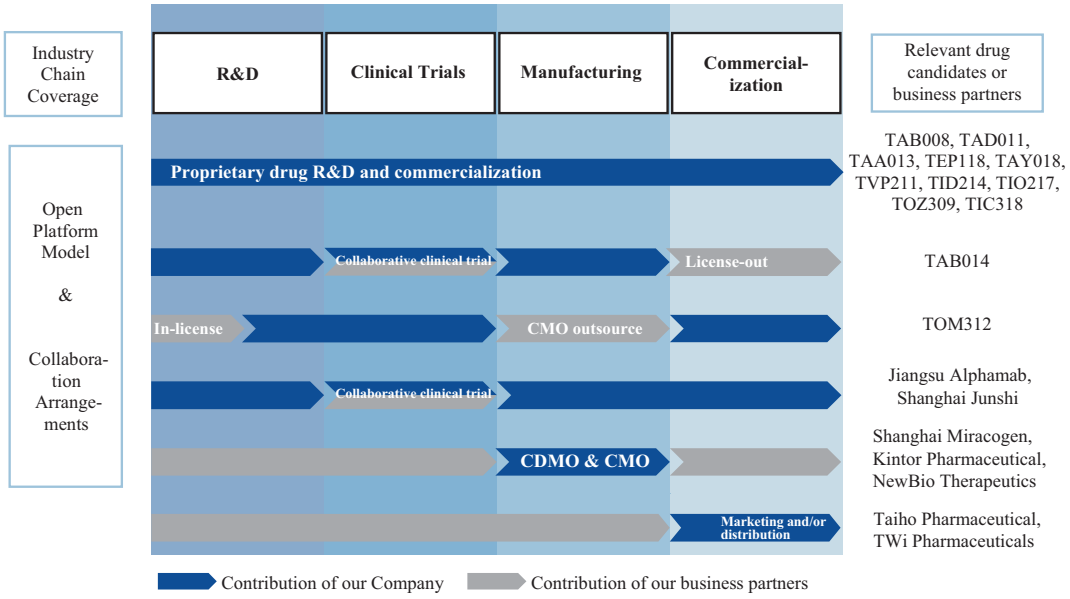


Source: the Company

We have established a comprehensive quality management system that meets China's quality standards. Our quality management system covers the entire product lifecycle, from research and development to material management, product manufacturing, quality control, product supply management and product post-marketing surveillance. Dr. Liu, Jun, chief scientific officer, who specializes in analytical method development and quality control of biological drug candidates, leads a quality management team of over 50 specialists with significant experience in pharmaceutical quality management. Equipped with a full range of quality control capabilities, including structural identification, biopotency and biochemistry testing, and microbial testing, our quality management team has ensured the GMP compliance of our manufacturing process and overseen the successful IND application of our clinical-stage drug candidates.

Proven open platform business model empowered by strong and integrated capabilities covering the full oncology drug industry value chain

To take full advantage of our in-house capabilities in research and development, clinical trials, manufacturing and commercialization, we adopt an open platform business model covering the oncology drug industry value chain. Under this model, we have entered into various collaboration arrangements with business partners at different stages of the industry value chain, as illustrated in the following chart:



We believe this open platform business model differentiates us from biotech companies operating in a conventional business model in the following aspects:

- **Readiness for product commercialization.** Through our self-development and cooperation with business partners, we are now equipped with state-of-art production facilities, technologies and quality management capabilities that can accommodate high-quality and cost-efficient commercial manufacturing. See "— Our Strengths — Cost-efficient commercial-scale and state-of-the-art manufacturing facilities, built to and operating at international standards". Moreover, through the commercialization of S-1 since 2011, we have gained proven capability in marketing oncology drugs in China. As of the Latest Practicable Date, we had a stable and well-trained sales and marketing team consisting of

over 50 sales representatives and marketing professionals, and had established a presence in more than 20 provinces, municipalities and autonomous regions in China with access to over 450 hospitals and relationships with KOLs in the relevant areas. Additionally, for drug candidates that we develop but which are not within our core focus, such as TAB014, a non-oncology anti-VEGF drug candidate, we can accelerate their commercialization through licensing-out arrangements with third parties which have sufficient coverage in the relevant market.

- **Overall cost efficiency and risk balance.** Our open platform business model and full industry value chain capabilities make us an attractive business partner for early-stage research and development companies that have limited or no late-stage development, clinical trial, manufacturing and/or commercialization capabilities. Collaboration with these companies, including provision of CDMO services, gives us access to drug candidates that have completed early-stage development, thus enabling us to avoid the significant risks and cost uncertainty during the early development phase. In this way, we are able to enrich our product portfolio in a cost-efficient and risk-balanced manner.

- **Diversified revenue streams and cash flows.** Collaborating with third parties will allow us to optimize the utility of our research and development and production capacity as we may selectively offer CDMO and CMO services to third parties using our excess capacity from time to time, in particular before we commercialize our own products. As a biopharmaceutical company, we have significant working capital requirements to fund our operations, in particular our research and development expenses. Deriving revenue from different collaboration arrangements benefits our financial condition. Selling and/or marketing our business partners' drugs, like S-1, an oncology drug we licensed-in from Taiho Pharmaceutical, can also bring in revenue.

Supported by our open platform business model, we believe we are better positioned to capture the growth potential of China's oncology drug market.

Industry-leading, experienced and professional management team supported by a strong talent base

Our strong senior management team enables us to cover the complete cycle from drug discovery and development to commercialization, which forms the foundation for our sustained growth. We have assembled an experienced management team with diverse backgrounds and skillsets and a proven track record in drug discovery and development, clinical development, manufacturing, quality control and assurance and commercialization. Ms. Yeh-Huang, Chun-Ying, our general manager, has over 30 years of experience in the pharmaceutical industry with expertise in integrating the industry value chain, building leadership and formulating branding strategies. Dr. Liu, Jun, our chief scientific officer, has 20 years of experience in the biotech industry, including experience in US-based multinational biomedical companies such as Bayer US LLC. Mr. Liu, Donglian, our vice general manager, has 20 years of experience in the pharmaceutical industry specializing in the development and manufacturing of mAb drugs. Dr. Liu, Ming, our chief medical officer, has 12 years of experience in drug and tumor markers and has engaged in oncology clinical treatment for over 30 years. Mr. Chen, Xiaobao, our senior director of chemical drugs, has over 14 years of experience in the development of pharmaceutical products in collaboration with multinational companies. Mr. Lin, Chun-Ming, our senior director of sales and marketing, has over 22 years of experience in the healthcare industry with 16 years specializing in the

sales and marketing of tumor-related products. Furthermore, we cherish the value of individuality and view it as the core to the culture of our Company. With continuous promotion of encouragement and reward among our employees, we have grown to a company with 325 employees as of the Latest Practicable Date with expertise spanning drug discovery, drug development, clinical development, regulatory registration, manufacturing, and sales and marketing, among other things.

OUR STRATEGIES

Commercialize TAB008

We plan to commercialize TAB008 leveraging our proven sales and marketing capabilities and our commercial-scale manufacturing facilities. Our state-of-the-art production facilities in Suzhou have a designed capacity of 16,000L, and we have been using 2,000L bioreactors to manufacture TAB008 samples. Given our readiness for commercial production, we are in a position to quickly ramp up our production capacity for TAB008 without further construction or material modification. Our sales and marketing team has over eight years of experience in marketing S-1, an oncology drug of Taiho Pharmaceutical, in China. We intend to leverage the following capabilities gained from the marketing of S-1 to commercialize TAB008:

- **Professional and stable team**: We train our over 50 sales representatives of S-1 to be specialized in cancer treatments, including mCRC, an indication of Avastin, the originator drug of TAB008. Our sales and marketing team therefore has built up extensive experience and technical know-how enabling them to sell TAB008 in a professional manner. Our sales and marketing team is stable, with a retention rate of over 80% in each of 2017, 2018 and the four months ended April 30, 2019.

- **Geographic coverage**: Our sales and marketing team currently covers over 20 provinces, municipalities and autonomous regions in China.

- **Hospital coverage and KOL relationship**: TAB008, as a biologic oncology drug, is particularly suitable to be marketed in Class IIIA hospitals in China. In marketing S-1, we have built access to over 450 hospitals, one third of which are Class IIIA hospitals, and have worked closely with many KOLs. We expect the relationships and trust we have developed to accelerate TAB008's penetration into these hospitals when approved.

To further strengthen our commercialization capability for TAB008 and other drug candidates, we will continue to expand our sales and marketing team, and expect to increase the number of our sales representatives to approximately 250 to 300 after we commercialize TAB008. In addition, we will continue to expand the coverage of our sales and marketing team into certain coastal areas in China, and intend to use distributors as a supplement to our own sales force in selected regions.

Rapidly advance our clinical trials for drug candidates

We plan to maximize the commercial potential of our clinical-stage drug candidates. For TAB008, our Core Product, we have, during the past 10 months, increased the number of enrollment sites from 35 to 53, and are further expediting this process. We intend to finish its Phase III clinical trials around the year end of 2019 and submit our NDA in March or April of 2020.

Moreover, we intend to proceed with the clinical trials of our other drug candidates. For TAA013, we intend to move forward to Phase II or Phase III clinical trials in 2020 and submit an NDA with the NMPA in 2022. For TAD011, we plan to initiate Phase III clinical trials in 2021 and submit an NDA with the NMPA in 2023. For TAB014, we plan to initiate Phase II or Phase III clinical trials in China in 2020, which we expect to complete by 2022, and explore overseas opportunities due to expected demand. All expected timeframes are subject to successful clinical trials.

Further enrich product portfolio via self-development and collaboration focusing on immune-oncology combination therapies and seeking innovative cancer treatment solutions

Benefiting from our open-platform business model, we intend to enrich our pipeline related to cancer management. We intend to identify various combination therapies or potential therapies that can be used in combination with other cancer therapies covering a wide variety of indications. For example, we intend to cooperate with Jiangsu Alphamab for combination therapies involving TAB008 and KN046 (a PD-L1/CTLA-4 bispecific antibody). In addition, we are researching and evaluating the combination of our TAB008 with chemotherapy and TKI in the treatment of lung cancer. We also engaged in the pre-clinical study of innovative combination mechanisms of oncolytic virus and other oncology treatment. As a next step for our pursuit of new combination therapies, we are studying the potential of combination therapies among our existing drug candidates. Additionally, we seek to leverage our experience in designing clinical studies, our local knowledge and our extensive collaboration with investigators to extend our drug candidates to related fields or explore the application of our drug candidates to identify additional indications of TAB008 and other eligible drug candidates. We also intend to collaborate with early-stage research and development companies, including through the provision of CDMO services, to gain access to drug candidates that have completed the early development stage, thus enabling us to avoid the significant risks and cost uncertainty during the early stage phase. In addition to our drug candidates that we developed ourselves from early discovery, such as TVP211, we believe our commercial-scale and state-of-the-art manufacturing facilities make us an attractive business partner for other innovative drug companies who do not have their own manufacturing capability through in-license, co-development or other arrangements which will enable us to expand our product portfolio.

In furtherance of our mission to improve oncology patients' physical and psychological well-being, we plan to enrich our portfolio of oncology products and therapies offering patient care throughout the cancer progression and treatment cycle. For example, we licensed in TOM218 from TWi Pharmaceuticals for the marketing and distribution of this product and developed TOM312 for treatment of cancer- and HIV-associated cachexia. From a long-term perspective, we intend to further develop our product pipeline by identifying and addressing unmet market demand, evaluating new targets and therapies through our in-house research and development team capability and collaborating with our business partners.

Strengthen our in-house sales and marketing force and commercial-scale manufacturing capacities

Our sales and marketing team has over eight years of experience in marketing S-1, an oncology drug of Taiho Pharmaceutical, in China, and we intend to leverage the following capabilities gained from the marketing of S-1 to commercialize our drug candidates. See "— Our Strategies — Commercialize TAB008". To further strengthen our commercialization capability, we will continue to further expand our sales and marketing team, and expect to increase the number of our sales representatives to approximately 250 to 300 after we commercialize TAB008. In addition, we will continue to expand the coverage of our

sales and marketing team into certain coastal areas in China, and intend to use distributors as a supplement to our own sales force in selected regions. Utilizing our oncology drug marketing experience gained from the commercialization of S-1, we plan to organize our sales representatives by indication and provide specialized training accordingly, thus building a sales and marketing team with a solid understanding of customers' and patients' needs. We also plan to continue to actively participate in industrial conferences, academic seminars and other notable events to promote and maintain our brand. Furthermore, to ramp up and maximize the market potential of our drug candidates both in China and globally, we will promote them through a variety of channels, including collaborating with international pharmaceutical companies and local partners. We are currently in discussion with several pharmaceutical companies overseas about the licensing of some of our clinical-stage drug candidates to them.

Simultaneously with the strengthening of our sales and marketing force, we are in the process of improving our production techniques, especially scaling up our production facilities and enhancing the utilization efficiency of our current manufacturing facilities to better prepare us for commercial-scale manufacturing. Additionally, we plan to construct a range of new production facilities for our drug candidates, including a GMP-compliant workshop specialized in commercial-scale ADC production and built to international standards. With our self-developed perfusion-batch hybrid technology, we believe that we have the capability and flexibility to develop and commercialize effective and affordable drugs.

Continue to attract, train and retain quality talent to support our rapid growth and maximize the value of our integrated platform

We view talent as the key to our future success, and thus we will continue to recruit experienced, middle-to-senior-level talent globally to facilitate our business growth. We are pursuing a strategy to recruit, train, promote and retain the most talented and success-driven people in the industry. To achieve this, we plan to offer more opportunities to work with pioneering scientists and cutting-edge technologies in the relevant fields and to participate in industry conferences home and abroad. We have established our Pre-IPO Share Option Scheme since 2013 and granted options to Directors, senior management and key employees. Additionally, we will continue to provide systematic training and development programs to enhance the knowledge and capabilities and promote the career development of our employees. Moreover, we will continue to offer competitive compensation packages reflecting their performance.

OUR DRUG CANDIDATES

We have a pipeline of 12 drug candidates, which are under research and development toward the submission or approval of NDAs or ANDAs. Development progress and key milestones differ in these two regulatory pathways. The following chart summarizes the development status, as of the Latest Practicable Date, of each of the nine drug candidates for which an NDA is required to be submitted:

Category	Drug Candidate	Indication(s)	Registration Category[1]	Pre-Clinical	Clinical Trials			NDA[2]	Commercial Rights
					Phase I	Phase II	Phase III		
Monoclonal antibody/ recombinant protein	**TAB008**[3] (anti-VEGF mAb)	nsNSCLC[4]	Category 2 biosimilar						Worldwide
	TAD011 (anti-EGFR mAb)	Nasopharyngeal cancer, esophageal cancer, pancreatic cancer	Category 2 new drug						Worldwide
	TAB014[5] (anti-VEGF mAb)	Wet age-related macular degeneration (wAMD)	Category 1 new drug						Worldwide[6]
	TAY018 (anti-CD47 mAb)	Non-Hodgkin's lymphoma, myelodysplastic syndrome, acute myelogenous leukemia, solid tumors	Category 1 new drug						Worldwide
	TEP118[7] (modified version of hyaluronidase)	Biliary cancer, gallbladder tumors, metastatic cancer, NSCLC, gastric cancer	Category 1 new drug						Worldwide
ADC drug	**TAA013** (anti-HER2 ADC)	HER2+ breast cancer	Category 1 new drug						Worldwide
Oncolytic virus drug	**TVP211** (genetically modified vaccinia virus)	Solid tumors	Category 1 new drug						Worldwide
Liposome chemical drug	**TID214** (liposomal docetaxel)	Solid tumors	Category 2 new drug						Worldwide
	TIO217 (liposomal oxaliplatin)	Gastrointestinal tumors	Category 2 new drug						Worldwide

(1) See "Regulatory Overview — Relevant Laws and Regulations of the PRC — Examination and Approval of New Drug" for details of each category.

(2) NDA is applicable to the application of new drugs and Category 5.1 imported drugs.

(3) Core Product.

(4) TAB008 is a bevacizumab biosimilar. Bevacizumab has been approved for the treatment of nsNSCLC and mCRC in China. Additional indications of bevacizumab approved in the United States or the EU include glioblastoma, renal cell carcinoma, cervical cancer, ovarian cancer and breast cancer.

(5) TAB014 is an ophthalmic formulation of bevacizumab.

(6) We licensed out the right of commercialization in China, Hong Kong and Macau.

(7) Recombinant protein.

The other three of our drug candidates are small molecular chemical drugs, for which an ANDA is required to be submitted following completion of CMC or BE study. We expect to start commercialization of these three drug candidates in the near future, starting in the second half of 2020. The following chart summarizes the development status of each of them as of the Latest Practicable Date:

Category	Candidate	Indication(s)	Registration Category[1]	CMC	BE Study	ANDA[2]
Small molecular chemical drug	**TOZ309** (temozolomide)	Malignant glioma	Category 4 generic drug			
	TOM312 (megestrol acetate)	Cancer- and HIV-associated cachexia	Category 5.2 imported drug			
	TIC318 (carboplatin)	Epithelial-derived ovarian cancer, small-cell lung cancer, head and neck squamous cell carcinoma, testicular tumors, malignant lymphoma, cervical cancer, bladder cancer, and NSCLC	Category 4 generic drug			

Note:

(1) See "Regulatory Overview — Relevant Laws and Regulations of the PRC — Examination and Approval of New Drug" for details of each category.

(2) ANDA is applicable to the application of generic drugs or Category 5.2 imported drugs.

Our Core Product

TAB008, our Core Product and most advanced drug candidate, is a biosimilar to bevacizumab, which is currently sold under the trade name Avastin. A biosimilar is a biological product which is highly similar in quality, safety and efficacy to another biological product, or the originator drug, that is already licensed for use. TAB008 shares the identical primary sequence with Avastin. TAB008 is currently in Phase III clinical trials. We expect to launch this product in late 2020 or early 2021, subject to regulatory approval. As part of our efforts to develop TAB008, our production facilities have been equipped with 2,000L bioreactors mainly for the purpose of manufacturing TAB008. With these bioreactors, we have maintained stable and robust supply of samples for clinical trials and manufactured several batches of TAB008 samples. As TAB008 is our only Core Product, we devoted most of our research and development budget to it, and our research and development team for TAB008 is the largest among all of our product teams. Research and development expenses attributable to TAB008 were RMB53.1 million, RMB107.4 million and RMB14.5 million, respectively, in 2017, 2018 and the four months ended April 30, 2019, representing 50.1%, 56.9% and 30.0% of our total research and development expenses of the respective periods. In addition, we have established a sales and marketing team with nearly ten years of experience in selling oncology drugs, which is well prepared to market TAB008 and will be concentrating on establishing the sales network for TAB008 when approved. We had one granted patent and five pending patent applications in relation to our Core Product.

Background of Originator Drug

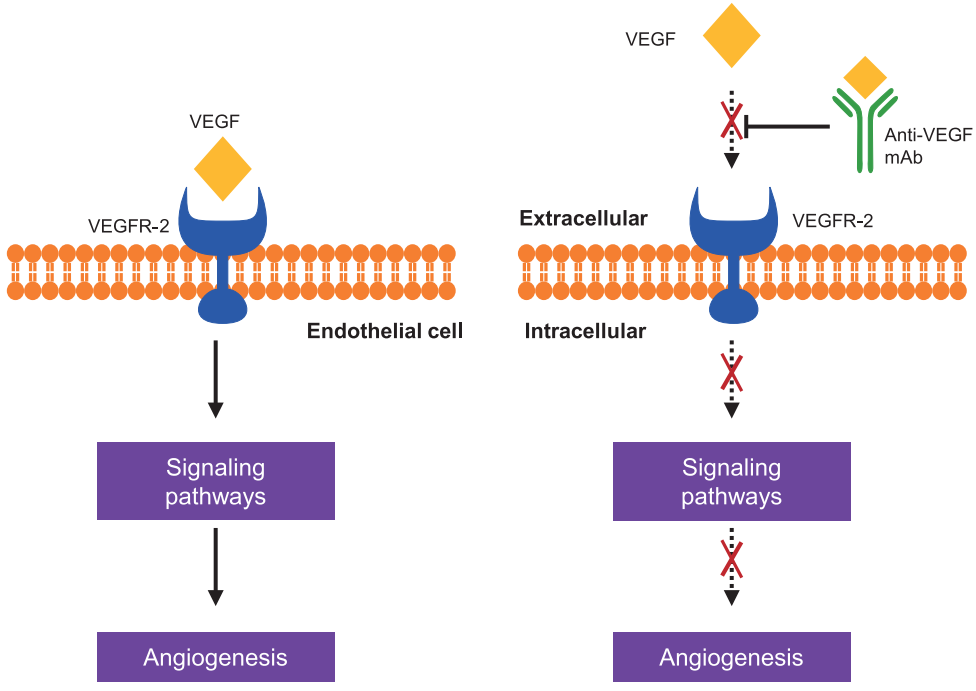
Avastin is a product originally developed by Roche and first approved by the FDA in February 2004 for the treatment of mCRC. In October 2006, the FDA approved the regimen of bevacizumab in

combination with the PC (paclitaxel and carboplatin) chemotherapy as a first-line treatment of advanced nsNSCLC. The EMA also approved bevacizumab in combination with platinum-based chemotherapy for the first-line treatment of unresectable, advanced metastatic or recurrent nsNSCLC. Avastin is the most widely used anti-VGEF mAb drug with abundant real-world evidence of its efficacy and safety since its entry into the market in 2004. The global bevacizumab market reached US$7.0 billion in 2018, according to Frost & Sullivan. The patents of Avastin expired in July 2019 in China.

In February 2010, after the registration trial was completed in China, Avastin was approved by the NMPA for the treatment of mCRC. In July 2015, the NMPA approved a new indication for Avastin in combination with chemotherapy for the treatment of nsNSCLC. Avastin has since been approved by various other countries for use in combination with chemotherapy to treat a wide range of tumors, including mCRC, NSCLC, glioblastoma, renal cell carcinoma, ovarian cancer, cervical cancer and breast cancer. The bevacizumab market in China reached RMB3.2 billion in 2018 and is estimated to grow to RMB13.1 billion in 2023, representing a CAGR of 32.7%; the bevacizumab biosimilar market in China is expected to reach RMB0.02 billion in 2019 and is estimated to grow to RMB6.4 billion in 2023, representing a CAGR of 343.9% from 2019 to 2023, according to Frost & Sullivan.

Mechanism of Action

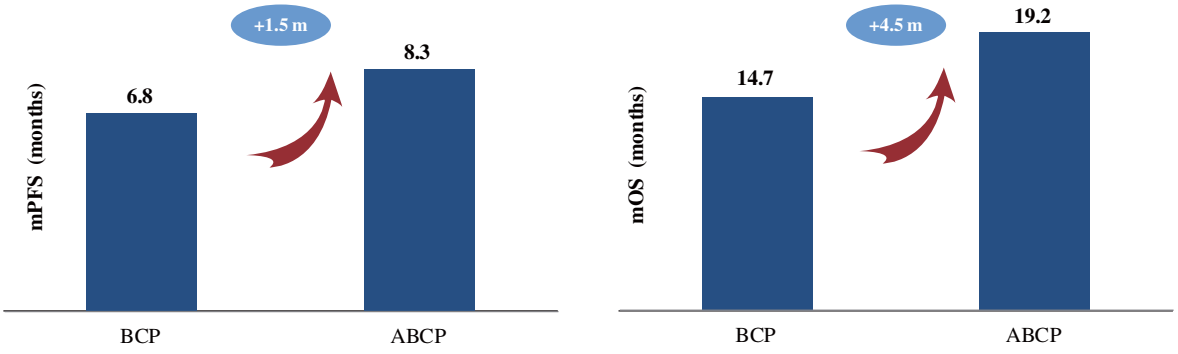
Bevacizumab is a recombinant humanized mAb that binds vascular endothelial growth factor (VEGF) and prevents the interaction of VEGF to its receptors on the surface of endothelial cells. The interaction of VEGF with its receptors leads to endothelial cell proliferation and new blood vessel formation in in vitro models of angiogenesis. The following chart illustrates the mechanism of action of bevacizumab.



Source: Frost & Sullivan Report

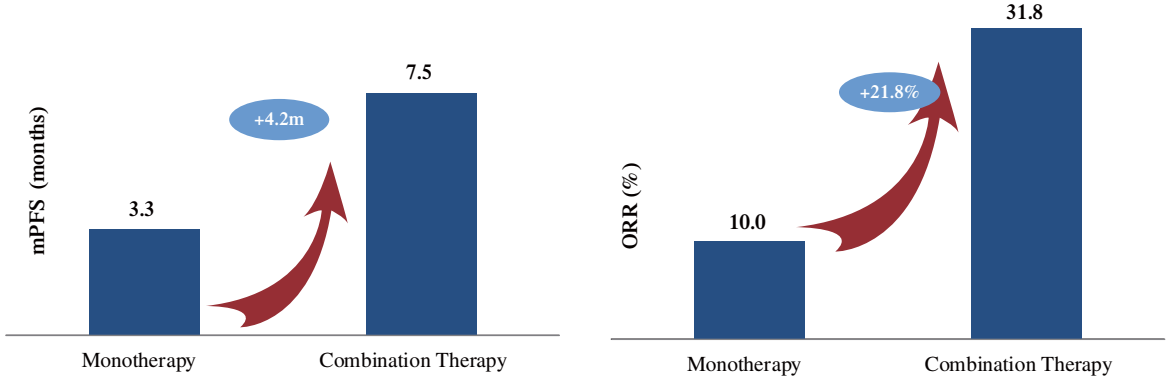
Combining VEGF inhibitors such as bevacizumab with cytotoxic agents is synergistic and improves therapeutic outcomes. VEGF may skew maturation of myeloid progenitors away from

differentiation into dendritic cells and toward endothelial cells, impacting T cell activation. VEGF can also decrease expression of vascular cell adhesion molecule-1, important for anti-cancer T cell adhesion and infiltration into tumors, and increase expression of factor associated suicide ligand, leading to apoptosis of anti-cancer T cells at the vascular border of the cancer. Clinical studies have recently supported a role for anti-VEGF agents in combination with in PD-L1/PD-1 inhibitors in anti-cancer immunity. The following charts illustrate that the combination of atezolizumab (anti-PD-L1) and bevacizumab (anti-VEGF) plus chemotherapy has more clinical benefits than using bevacizumab plus chemotherapy only for the treatment of NSCLC. The left chart shows that median progression-free survival (mPFS) significantly extends in the atezolizumab plus BCP (ABCP) group than bevacizumab plus carboplatin plus paclitaxel (BCP) group. The right chart shows that median overall survival (mOS) is significantly longer in the ABCP group than BCP group.



Source: Frost & Sullivan Report

The following charts illustrate that the combination of anti-PD-1 plus chemotherapy and/or bevacizumab has more clinical benefits than using anti-PD-1 only for the treatment of NSCLC. The left chart shows that median progression-free survival (mPFS) significantly extends in the anti-PD-1 plus chemotherapy and/or bevacizumab (combination therapy) group than anti-PD-1 alone (monotherapy) group. The right chart shows that the overall response rate (ORR) is significantly higher in the combination therapy group than monotherapy group.



Source: Frost & Sullivan Report

Current Therapies

The dosage and regimen of bevacizumab vary by indication.

mCRC: As a first-line and second-line therapy for mCRC, the recommended dose when bevacizumab is administered intravenously is 5 mg/kg every two weeks, when in combination with 5-fluorouracil-based chemotherapy (bolus-IFL: irinotecan, leucovorin and fluorouracil), or 5 mg/kg every two weeks or 7.5 mg/kg every three weeks, respectively, when in combination with fluoropyrimidine-irinotecan- or fluoropyrimidine-oxaliplatin-based chemotherapy. Bevacizumab is also used in second-line treatment of mCRC at a recommended dose of 10 mg/kg every two weeks intravenously in combination with FOLFOX4 (folinic acid (leucovorin), fluorouracil ("**5-FU**"), and oxaliplatin). In either setting, bevacizumab treatment has been shown to increase overall life expectancy.

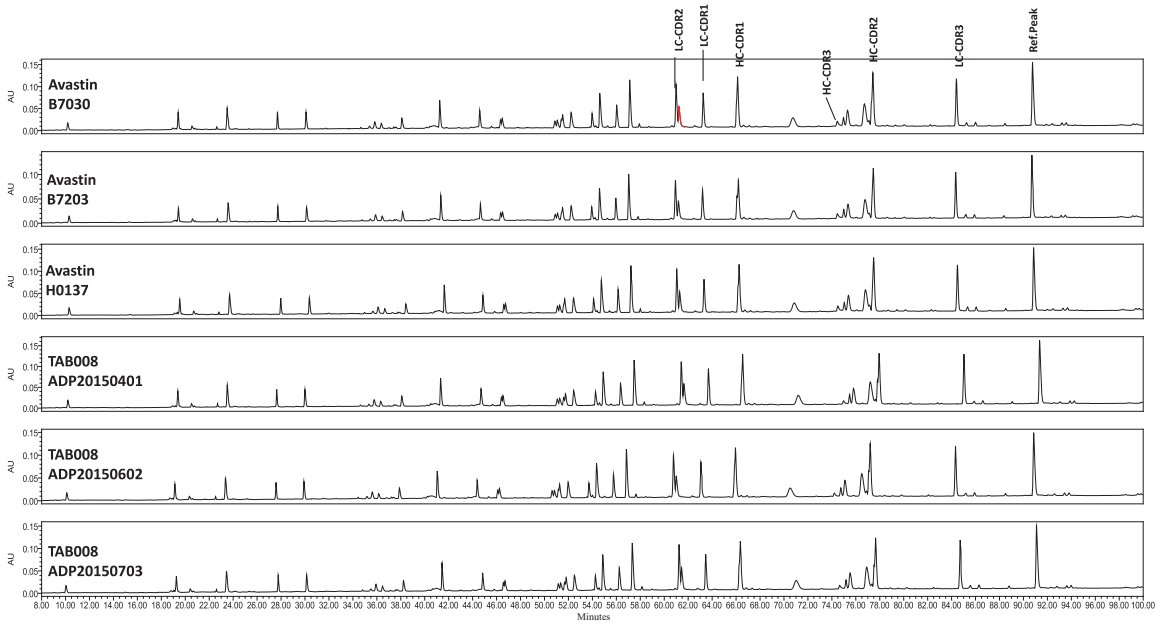
nsNSCLC: As a first-line therapy for unresectable, locally advanced, recurrent or metastatic nsNSCLC, bevacizumab is administered at 15 mg/kg intravenously every three weeks in combination with the PC chemotherapy.

Across studies, the most common adverse reactions observed in Avastin patients (incidence rate over 10%) were: epistaxis, headache, hypertension, rhinitis, proteinuria, taste alteration, dry skin, rectal hemorrhage, lacrimation disorder, pain and exfoliative dermatitis. Because bevacizumab inhibits blood vessel growth, which is a necessary part of the body's ability to heal wounds and develop collateral circulation solutions, its use may interfere with these normal functions and worsen existing conditions such as for patients with serious hemorrhaging or a recent history of hemoptysis. Therefore, potential patients are closely evaluated for eligibility to receive bevacizumab treatment.

Pre-clinical Studies

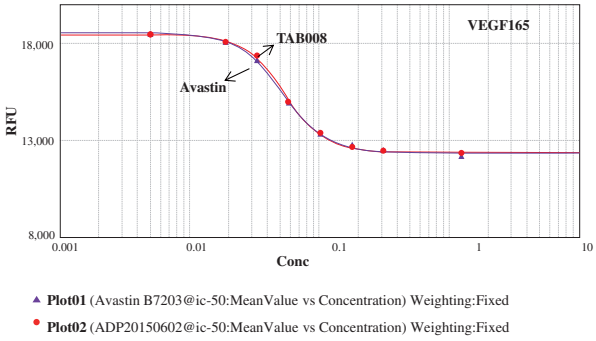
We have carried out CMC studies on TAB008 in accordance with the technical guidelines for research and evaluation of biosimilar in China.

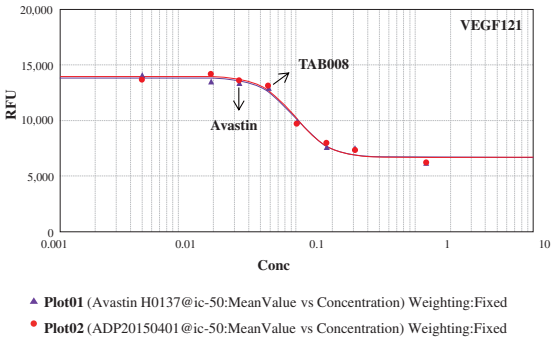
Firstly, we have demonstrated that TAB008 has the same primary structure as Avastin by peptide mapping, where TAB008 and Avastin were fragmented to peptides by endoproteinase digestion, and the peptides were separated by high performance liquid chromatography (HPLC) and then identified by liquid chromatography-mass spectroscopy/mass spectroscopy (LC-MS/MS). The following chart shows the peptide mapping profile (by HPLC) of TAB008 compared with Avastin.



Source: the Company

In addition, we have demonstrated that TAB008 has similar advanced structure, physicochemical properties and biological activity to bevacizumab through structural identification, physicochemical analysis and bioassay. The following figures show that TAB008 and Avastin have similar inhibitory effect on the proliferative activity induced by VEGF165 and VEGF121. VEGF121 and VEGF165 are the major secretory subtypes of VEGF-A, both of which signal through VEGF receptor 2 (VEGF-2).





Abbreviation: RFU = relative fluorescence unit

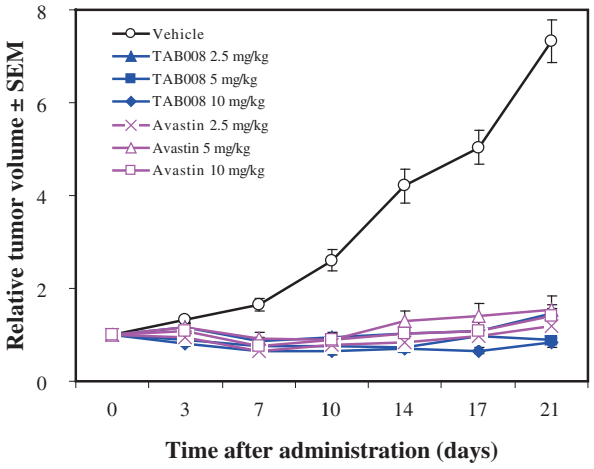
Source: the Company

The following table shows the in vitro potency of TAB008 in inhibiting the proliferation of human umbilical vein endothelial cell stimulated by VEGF165 or VEGF121, measured as a percentage of Avastin's in vitro potency in the same:

		VEGF 165			VEGF 121		
Drug name	**Batch number**	**Avastin B7030**	**Avastin B7203**	**Avastin H0137**	**Avastin B7030**	**Avastin B7203**	**Avastin H0137**
TAB008	ADP20150401	85%	102%	96%	109%	95%	101%
TAB008	ADP20150602	100%	96%	97%	107%	106%	92%
TAB008	ADP20150703	106%	100%	106%	107%	99%	99%

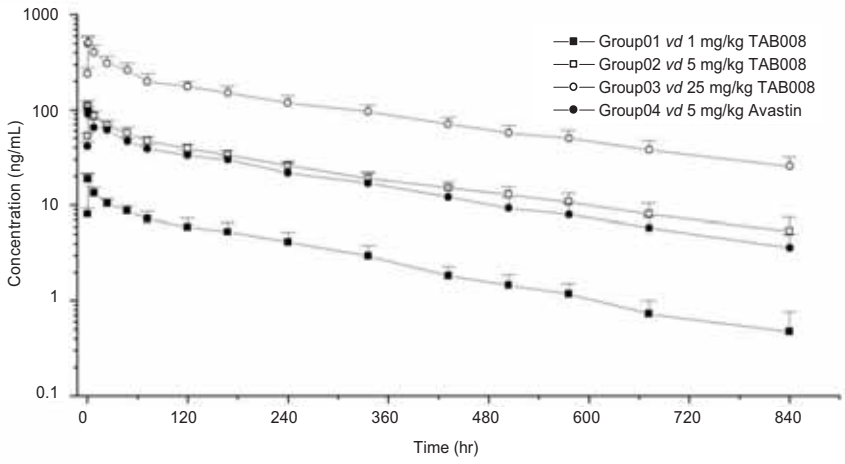
Source: the Company

Using appropriate animal models, we have compared TAB008 with the reference substance Avastin to ascertain their pharmacokinetic (PK), pharmacodynamic (PD) and toxicological characteristics. The results show that they have the same anti-tumour efficacy on several human cancer xenografts in nude mice (including NCI-H460 human lung cancer, Ls174t human colon carcinoma, SK-OV-3 human ovarian cancer, MDA-MB-231 human breast cancer and U-87MG human malignant glioma). The figure below shows the anti-tumour efficacy of TAB008 and Avastin on SK-OV-3 human ovarian cancer xenografts in nude mice.



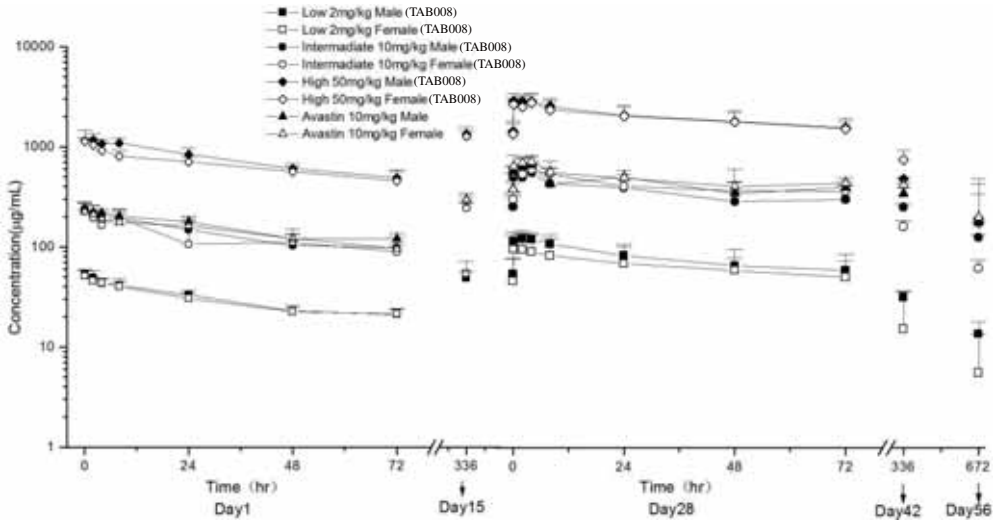
Source: the Company

The PK studies show that TAB008 and Avastin have similar serum concentration versus time at the same dose. The following figure shows their concentration-time curves after intravenous administration of 1, 5, 25 mg/kg of TAB008 and 5 mg/kg of Avastin to rhesus monkeys.



Source: the Company

The following charts show (1) cynomolgus monkeys' mean serum concentration-time curves of intravenously infused with different doses (2, 10, 50 mg/kg) of TAB008 or 10 mg/kg of Avastin for four weeks, and (2) cynomolgus monkeys' mean serum concentration-time curves after four weeks of recovery:



Source: the Company

As shown by the results of PK studies in rhesus monkeys, the PK behavior of TAB008 was comparable to Avastin with a relative bioavailability of 121.06%. In the major pre-clinical pharmacodynamic study, TAB008 showed a strong in vitro anti-angiogenic effect on the xenografts of many types of human tumors in nude mice with the same mechanism of action and physiological disposition as Avastin. As shown by the results of a pre-clinical toxicological study, TAB008 was well-tolerated in cynomolgus monkeys and its pre-clinical toxicological study results were similar to those of Avastin.

Clinical Trials

The clinical trials of TAB008 are subject to the Biosimilars Guideline issued by the NMPA. The Biosimilars Guideline stipulates that the sponsor of the biosimilar can follow the step-by-step order and conduct comparative studies at different phases. The biosimilar approval pathway is established based on the scientific objective of proving that there are no clinically meaningful differences in the safety and efficacy of biosimilars when compared to the reference drug, whereas the scientific objective for the novel and innovative drug approval pathway is a full exploration of whether a medical strategy or treatment is safe and effective in humans. Based on this principle, there is generally no requirement to conduct a Phase II clinical trial for biosimilars since the proper dose assuring safety and efficacy has already been determined for the reference product. Once the sponsor of the biosimilar receives IND approval for a particular indication, the sponsor of the biosimilar may, at its own discretion, choose to commence later trials.

Phase I Clinical Trial

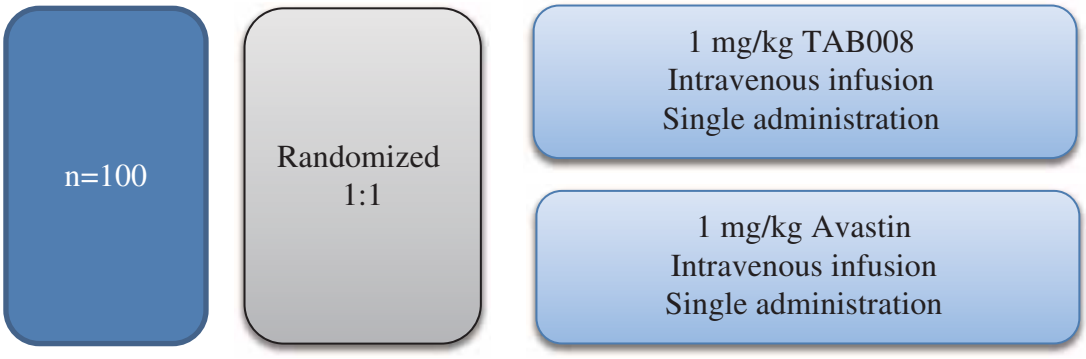
The Phase I clinical trial for TAB008 started in November 2016, as determined by the time when the first subject was enrolled, and concluded in August 2017, when the clinical study on the last subject

was completed. Based on the data collected and analyzed, we concluded that TAB008 is safe with very low immunogenicity, and the Phase I clinical trial demonstrated bioequivalence in PK profile between TAB008 and Avastin.

Study Design. The Phase I clinical trial was a single dose, randomized, double-blind, parallel controlled study to compare the similarity in pharmacokinetics and safety of TAB008 and Avastin in healthy Chinese male subjects. According to the E-Journal on CDE's website, pharmacokinetic studies have demonstrated that bevacizumab showed dose linearity within the dose range of 1-20 mg/kg, with a terminal t½ of around 20 days. Thus, 1mg/kg dose was recommended for PK analysis.

As such, a single 1mg/kg dose over a 90 minute infusion was selected for administration in a phase 1 randomized, double-blind, bevacizumab (EU-sourced) controlled study to compare pharmacokinetics, safety, and immunogenicity of TAB008 versus Avastin® in healthy Chinese male subjects. The 1mg/kg dose was selected to minimize drug exposure in normal healthy volunteers, such a low dose over a 90 minute infusion will be a very stringent test for the bio-similarity of TAB008.

The study recruited 100 healthy adult male subjects aged between 18 and 45 years with body mass index (BMI) of 19 to 28 kg/m^2 (inclusive) and body weight of 50 to 75 kg (inclusive), and who were confirmed as healthy subjects based on medical history, physical examinations, laboratory tests and ECG. The subjects were randomly assigned to two treatment groups of equal size, the TAB008 group and the Avastin group, and hospitalized for six days for close observation after the administration of a single dose of the study drug (1 mg/kg TAB008 or Avastin) through intravenous infusion. After discharge, subjects returned at regular intervals for safety assessments, immunology and PK analysis up to approximately 99 days after the study drug administration.



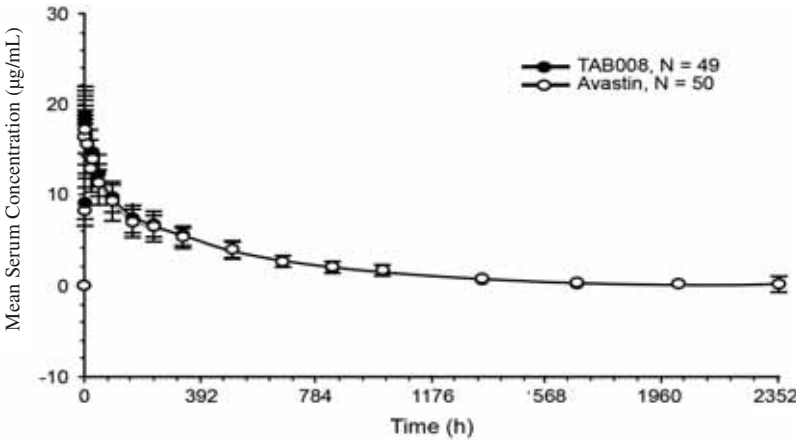
The primary endpoints consisted of C_{max}, AUC_{0-t} and $AUC_{0-\infty}$ of TAB008 and Avastin after a single dose.

The secondary endpoints consisted of: (i) t_{max}, CL, λ_z, $t_{1/2}$, V_{ss} and V_z of TAB008 and Avastin in serum after a single dose; (ii) AEs, SAEs, and clinically significant laboratory abnormalities during treatment; and (iii) serum level of anti-drug antibody/neutralizing antibody against TAB008 or Avastin.

Pharmacokinetic Results. The mean concentration profiles between treatments of TAB008 and Avastin were similar over the profiling interval. The treatment-group ratios of least-squares geometric means for the three primary PK parameters were fully contained within the bioequivalence limits of 80.00% to 125.00% (90% CI: 103.66% to 118.33% for C_{max}, 94.32% to 111.72% for AUC_{0-t}, and 94.69% to 112.23% for $AUC_{0-\infty}$). Based on the result of the nonparametric analysis, the median t_{max} of TAB008

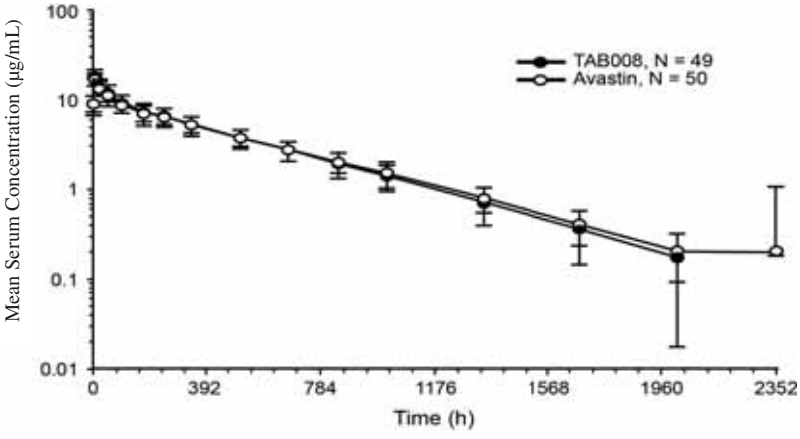
and Avastin was the same (median difference was equal to 0). All other secondary PK parameters were comparable between the two treatment groups.

The following chart sets forth the serum concentration of TAB008 and Avastin on a linear scale:



Source: the Company

The following chart sets forth the serum concentration of TAB008 and Avastin on a semi-logarithmic scale:



Source: the Company

The following table sets forth a statistical comparison of the primary pharmacokinetic parameters:

Parameter (unit)	Treatment	n	Geometric LS Means	95% CI	Pairwise comparison		
					Pair	Ratio (%)	90% CI
$AUC_{0-\infty}$ (h-μg/mL)	Avastin	46	5358	(4981, 5763)	TAB008/ Avastin	103.09	(94.69, 112.23)
	TAB008	49	5523	(5146, 5927)			
AUC_{0-t} (h-μg/mL)	Avastin	47	5306	(4936, 5704)	TAB008/ Avastin	102.65	(94.32, 111.72)
	TAB008	49	5447	(5075, 5847)			
C_{max} (μg/mL)	Avastin	50	17.38	(16.44, 18.38)	TAB008/ Avastin	110.77	(103.66, 118.33)
	TAB008	49	19.25	(18.20, 20.37)			

Abbreviations: CI = confidence interval, LS = least-squares

Source: the Company

Safety Results. TAB008 and Avastin demonstrated comparable safety profiles and immunogenicity.

The following table sets forth a summary of all related treatment-emergent adverse events by system organ class, high-level term and preferred term for each treatment:

System Organ Class/ High Level Term/ Preferred Term	Statistic	TAB008 (N = 49)	Avastin (N = 50)
Number of subjects with related TEAEs[(1)]	n(%)	19(38.8)	19(38.0)
Investigations	n(%)	14(28.6)	11(22.0)
Liver function analyses	n(%)	7(14.3)	5(10.0)
Bilirubin conjugated increased	n(%)	3(6.1)	2(4.0)
Blood bilirubin unconjugated increased	n(%)	3(6.1)	2(4.0)
Alanine aminotransferase increased	n(%)	2(4.1)	2(4.0)
Blood bilirubin increased	n(%)	2(4.1)	2(4.0)
Aspartate aminotransferase increased	n(%)	1(2.0)	0(0.0)
Triglyceride analyses	n(%)	5(10.2)	4(8.0)
Blood triglycerides increased	n(%)	5(10.2)	4(8.0)
Skeletal and cardiac muscle analyses	n(%)	0(0.0)	2(4.0)
Blood creatine phosphokinase increased	n(%)	0(0.0)	2(4.0)
Vascular tests nec (incl blood pressure)	n(%)	2(4.1)	0(0.0)
Blood pressure diastolic increased	n(%)	2(4.1)	0(0.0)
White blood cell analyses	n(%)	2(4.1)	0(0.0)
Basophil percentage increased	n(%)	1(2.0)	0(0.0)
Neutrophil count decreased	n(%)	1(2.0)	0(0.0)
Coagulation and bleeding analyses	n(%)	0(0.0)	1(2.0)
Prothrombin level decreased	n(%)	0(0.0)	1(2.0)
Digestive enzymes	n(%)	1(2.0)	0(0.0)
Amylase increased	n(%)	1(2.0)	0(0.0)
Metabolism tests nec	n(%)	0(0.0)	1(2.0)
Blood uric acid increased	n(%)	0(0.0)	1(2.0)

System Organ Class/ High Level Term/ Preferred Term	Statistic	TAB008 (N = 49)	Avastin (N = 50)
Physical examination procedures and organ system status	n(%)	1(2.0)	0(0.0)
Weight increased	n(%)	1(2.0)	0(0.0)

Source: the Company

Note:

(1) TEAEs (Treatment – Emergent Adverse Events) is defined as AEs that started the date of signature of the ICF to the end of the last follow-up visit or the date of premature termination. Subjects with more than one TEAE are counted once at the worst severity or strongest relationship category. n = Number of subjects. % = Percentage of subjects in each category relative to the total number of subjects in the relevant analysis set . System organ class and preferred term are from the MedDRA dictionary, version 20.0 . The SOCs, HLTs and PTs were sorted by descending frequency of the total number of subjects with at least one TEAE in each category, for conditions with the same total frequency, SOCs/ HLTs/PTs were sorted alphabetically.

A summary of the safety data is set forth below:

- TEAEs were reported for 24 (49.0%) subjects in the TAB008 group and 22 (44%) subjects in the Avastin group. TEAEs considered by the PI to be related to study drug were reported for 19 (38.8%) subjects in the TAB008 group and 19 (38.0%) subjects in the Avastin group. CTCAE Grade 3 TEAEs were reported for one (2.0%) subject in the TAB008 group and three (6.0%) subjects in the Avastin group; there were no Grade 4 or 5 TEAEs.

- There were no SAEs or deaths during the study. There were no TEAEs leading to treatment discontinuation.

- Blood triglycerides increases were the most frequently reported treatment-related TEAE in both the TAB008 group (10.2%) and the Avastin group (8.0%).

- Clinically significant individual increases of blood triglycerides, uric acid, and liver function parameters (alanine aminotransferase, total bilirubin, and direct bilirubin) were observed for both groups in laboratory tests.

- Clinically significant individual increases of blood pressure were observed for both groups in vital sign analyses.

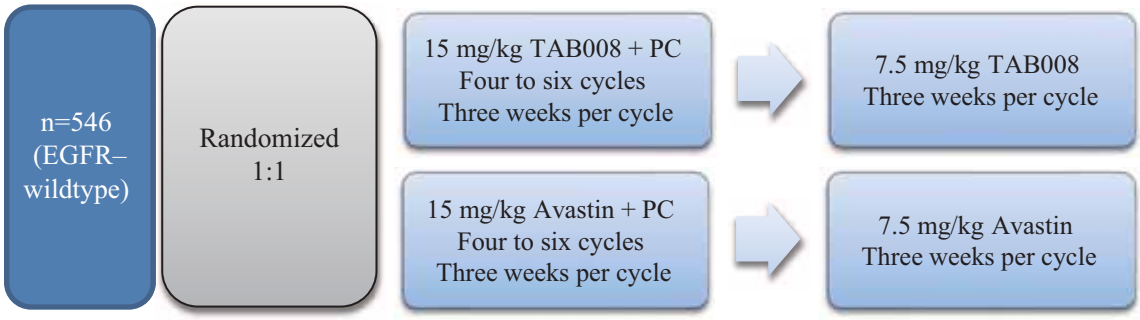
- Analyses of ECG and physical findings did not reveal any clinically relevant abnormalities in either group.

Phase III Clinical Trial

The commencement of Phase III clinical trial is conditioned upon (i) approval of clinical trials from the NMPA and (ii) approvals from the Ethics Committee of the Drug Clinical Trial Institution of each study site, after which the company shall complete the registration of relevant clinical trials on CDE's website before enrolling the first patient. With respect to TAB008, we obtained the NMPA

approval in January 2016, approvals from the ethics committees at the two study sites in February and April 2017, and completed the registration on CDE's website in May 2017. The Phase III clinical trial for TAB008 started in October 2017, as determined by the time when the first patient was enrolled and was ongoing as of the Latest Practicable Date, expected to be completed around the end of 2019. We target to enroll 546 nsNSCLC patients from 53 sites for the Phase III clinical trial, and over 90% of the patients had been enrolled as of the Latest Practicable Date. The primary end point of this study is comparison of the overall response rate in the two treatment arms by using TAB008 or Avastin (1:1) in combination with paclitaxel and carboplatin to fall within the boundaries of bio-similarity. We expect to submit the NDA for TAB008 in March or April of 2020.

Study Design. The Phase III clinical trial is a randomized, double-blind, multi-center, parallel study comparing the efficacy and safety of TAB008 and Avastin in combination with PC chemotherapy as treatment for advanced/relapsing nsNSCLC. The study is to recruit 546 EGFR-wildtype patients aged between 18 and 75 years, to be randomly assigned to either the TAB008 or the Avastin group. Subjects receive one administration of TAB008 or Avastin at a dosage of 15 mg/kg in combination with the standard PC chemotherapy every three weeks. After four to six cycles, subjects receive maintenance therapy of TAB008 or Avastin at a dosage of 7.5 mg/kg every three weeks until subjects experience progression of disease or intolerable toxicity.



The primary endpoints consist of ORR within the first 18 weeks of treatment.

The secondary endpoints consist of (i) DCR after the first 18 weeks of treatment, ORR after the first six weeks of treatment, DoR, PFS and OSR, (ii) AEs, SAEs, AESIs, physical examinations, vital signs, laboratory tests and ECG, (iii) serum level of anti-drug antibody/neutralizing antibody against TAB008 or Avastin; and (iv) C_{min} of TAB008 and Avastin.

Efficacy and Safety. As of the Latest Practicable Date, the Phase III clinical trial was ongoing and, therefore, the efficacy and safety results were not yet available.

Market Opportunity and Competition

Significant Growth Potential

Despite its demonstrated value in treating mCRC and nsNSCLC, bevacizumab has limited market uptake and usage due to its high cost. For example, in 2017, in China, a 100 mg (4 mL) vial of Avastin costs RMB1,998, according to the NRDL. Although bevacizumab may extend the survival period of patients by several months, long-term prognosis in eligible patients is often poor, primarily because it is mostly used to treat late-stage cancer. Meanwhile, mCRC and NSCLC incidence remains high and

bevacizumab penetration rate remains low, especially in emerging markets. According to the Frost & Sullivan Report, in China, new mCRC cases are projected to grow from approximately 197,200 in 2018 to approximately 249,400 in 2030, and new NSCLC cases are projected to grow from approximately 428,600 to approximately 551,600 over the same period.

According to Frost & Sullivan, China's bevacizumab market reached RMB3.2 billion in 2018 and is expected to grow to RMB13.1 billion in 2023 at a CAGR of 32.7% from 2018; the bevacizumab biosimilar market in China is expected to reach RMB0.02 billion in 2019 and is estimated to grow to RMB6.4 billion in 2023, representing a CAGR of 343.9% from 2019 to 2023. See "Industry Overview — China's Biologics Market — Overview of China's mAbs Market — Overview of China's Bevacizumab Market" for details. In addition, five of bevacizumab's FDA- or EMA-approved indications, namely metastatic cervical cancer, advanced ovarian cancer, glioblastoma, metastatic breast cancer and metastatic renal cell carcinoma, had not been approved by the NMPA as of the Latest Practicable Date. According to Frost & Sullivan, the combined incidence of the seven FDA- or EMA-approved indications in China was approximately 818,700 in 2018 and is expected to grow to approximately 918,200 by 2023. Should any of these indications be approved by the NMPA in the future, China's bevacizumab market may grow faster than expected. As a result of the above, we believe there are significant market opportunities for an affordable Avastin biosimilar.

Moreover, the market awareness and penetration of bevacizumab has been expanding along with price reduction. In 2017, Avastin was included in the NRDL and thus subject to price-negotiations with the PRC government, which resulted in a price reduction by approximately 60%. However, Avastin's sales revenue increased significantly to RMB3.2 billion in 2018 despite the price reduction, in contrast to a steady growth between 2014 and 2017 from RMB1.1 billion to RMB1.7 billion, according to Frost & Sullivan. See "Industry Overview — China's Biologics Market — Overview of China's mAbs Market — Growth Drivers of China's Bevacizumab Market" for details. This reflects that the improved affordability of patients is a key factor driving the market to grow.

Competitive Landscape

Since Avastin has educated the market and established recognition among medical practitioners and patients in terms of its efficacy and safety, suppliers of biosimilars can leverage their advantages in pricing to target patients who cannot afford or are unwilling to pay for the more expensive originators. The first movers of biosimilars can quickly ramp up their products by establishing reputation and loyalty of prescriptions, creating additional entry barriers to later entrants. Even if the price of bevacizumab drops in the future due to factors such as patent expiration or enhanced market competition, we believe the increased popularity would benefit our efforts to market TAB008.

Although the market demand is expected to continue to grow rapidly, due to the entry barriers to the biosimilar market, the existing players in the market may not be able to instantly cater to such growing demand. See "Industry Overview — China's Biologics Market — Overview of China's mAbs Market — Entry Barriers to China's Bevacizumab Biosimilar Market" for details. While Avastin may become increasingly accessible, we expect that there will continue to be a significant gap between supply and demand. As more medical practitioners and patients become familiar with bevacizumab, we believe they will also become increasingly familiar with TAB008 as a more affordable bevacizumab to bridge the supply-demand gap given our advanced position in the clinical trial of TAB008.

The following table sets forth the filing status of bevacizumab biosimilar drug candidates that have reached or completed Phase III clinical trials in China as of the Latest Practicable Date, according to Frost & Sullivan:

Drug Name	Company	Filing Status	Relevant Filing Date[(1)]
QL1101	Qilu Pharmaceutical Co., Ltd.	NDA	2018/8/15
IBI305	Innovent Biologics, Inc	NDA	2019/1/31
TAB008	**The Company**	**Phase III**	**2017/5/17**
MIL60	Beijing mAbworks Biotechnology Co., Ltd.	Phase III	2017/8/4
BAT1706	Bio-Thera Solutions Ltd	Phase III	2017/10/31
GB222	Genor Biopharma Co., Ltd	Phase III	2017/12/15
LY01008	Shandong Boan Biological Technology Co., Ltd.	Phase III	2018/1/28
HLX04	Henlius Biotech Co., Ltd.	Phase III	2018/3/18
BP102	Shanghai Hengrui Pharmaceutical Co., Ltd.	Phase III	2018/3/27
TQ-B2302	Chia Tai-Tianqing Pharmaceutical Co., Ltd.	Phase III	2018/7/2
WBP264	Hualan Genetic Engineering Co., Ltd.	Phase III	2018/8/2
SCT510	SinoCelltech. Ltd.	Phase III	2018/12/18
AK-3008	Anke Bio	Phase III	2019/4/29

Note:

(1) Denotes the date on which the relevant status was disclosed.

Source: Frost & Sullivan Report

We believe our TAB008 is well positioned to tap into the bevacizumab biosimilar market as one of the first movers. As shown in the table above, our TAB008 was the first bevacizumab biosimilar to register on the CDE's website for Phase III clinical trials among the 11 Phase III candidates, second in progress only to the two candidates for which NDAs have been submitted. Moreover, leveraging our commercial-scale manufacturing and proven sales and marketing capabilities, we believe we are able to shorten time-to-market and time-to-peak sales of our TAB008 when approved. We plan to compete with other bevacizumab developers primarily based on our focus on product quality, manufacturing cost efficiency and reliability of supply, given our projected capability to manufacture TAB008 on a large scale and in accordance with GMP quality standards, while maintaining sound cost control measures (including through adopting and developing cost-effective technologies such as single-use technologies, cell culture media, and our proprietary perfusion-batch hybrid technology). In particular, we use 2,000L bioreactors to manufacture TAB008, demonstrating our readiness for cost-efficient commercial production.

Material Communication and Next Steps

We obtained the clinical trial approval for TAB008 in January 2016. We continue to conduct our Phase III clinical trials and will evaluate and submit the study results from Phase I and Phase III clinical trials when we complete the Phase III clinical trials to obtain regulatory approvals. We plan to file the NDA with the NMPA in March or April of 2020 and expect to receive regulatory approval to launch this product in late 2020 or early 2021, subject to successful completion of clinical trials.

Other than the above, we have not had any material regulatory communications with the NMPA for TAB008, and we are not aware of any material concern from the NMPA in connection with our ongoing development of TAB008.

In addition, as clinical studies have recently demonstrated that the combination of bevacizumab and immune checkpoint inhibitors could significantly improve efficacy in many tumor types, we entered into a non-binding memorandum of understanding with Jiangsu Alphamab to explore combination therapies involving TAB008 and KN046 (a PD-L1/CTLA-4 bispecific antibody). We are also working with Shanghai Junshi to explore combination therapies involving TAB008 and toripalimab, a recombinant humanized anti-PD-1 monoclonal antibody, in the treatment of late-stage liver cancer.

Commercialization Plans

We plan to commercialize TAB008 leveraging our proven sales and marketing capabilities and our commercial-scale manufacturing facilities. Our state-of-the-art production facilities in Suzhou have a designed capacity of 16,000L, and we have been using 2,000L bioreactors to manufacture TAB008 samples. Given our readiness for commercial production, we are in a position to quickly ramp up our production capacity for TAB008 without further construction or material modification once approved. Our sales and marketing team has over eight years of experience in marketing S-1, an oncology drug of Taiho Pharmaceutical, in China. We intend to leverage the following capabilities gained from marketing S-1 to commercialize TAB008:

- **Professional and stable team**: We train our over 50 sales representatives of S-1 to be specialized in cancer treatments, including mCRC, an indication of Avastin, the originator drug of TAB008. Our sales and marketing team therefore has built up extensive experience and technical know-how enabling them to sell TAB008 in a professional manner. Our sales and marketing team is stable, with a retention rate of over 80% in each of 2017, 2018 and the four months ended April 30, 2019.

- **Geographic coverage**: Our sales and marketing team currently covers over 20 provinces, municipalities and autonomous regions in China.

- **Hospital coverage and KOL relationship**: TAB008, as a biologic oncology drug, is particularly suitable to be marketed in Class IIIA hospitals in China. In marketing S-1, we have built access to over 450 hospitals, one third of which are Class IIIA hospitals, and have worked closely with many KOLs. We expect the relationships and the trust we have built to accelerate TAB008's penetration into these hospitals when approved.

To further strengthen our commercialization capability for TAB008 and other drug candidates, we will continue to further expand our sales and marketing team, and expect to increase the number of our sales representatives to approximately 250 to 300 after we commercialize TAB008. In addition, we will continue to expand the coverage of our sales and marketing team into certain coastal areas in China, and intend to use distributors as a supplement to our own sales force in selected regions.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET TAB008 SUCCESSFULLY.

Our Other Clinical-Stage Biological Drug Candidates

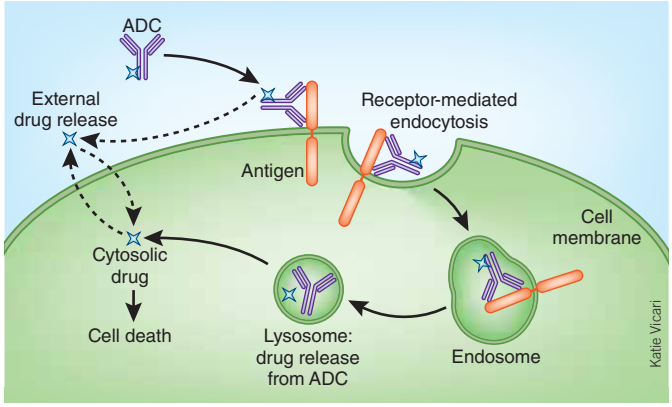
As of the Latest Practicable Date, we had three other clinical-stage drug candidates, all of which were undergoing Phase I clinical trials in China.

TAA013

TAA013, an ADC candidate containing trastuzumab and emtansine (Trastuzumab-MCC-DM1) aiming to become an affordable alternative to Kadcyla, is currently undergoing Phase I clinical trials in China. Its IND application was submitted in April 2018, and the NMPA approved it in August 2018 without requesting supplementary submission. We currently expect to complete its Phase III clinical trials by the end of 2022 and to launch this product in 2023, subject to regulatory approval.

Mechanism of Action

TAA013 is a HER2-targeted antibody-drug conjugate. The antibody of TAA013 is the humanized anti-HER2 IgG1, which is a trastuzumab biosimilar. The small molecule cytotoxin, DM1, is a microtubule inhibitor. Upon binding to sub-domain IV of the HER2 receptor, TAA013 undergoes receptor-mediated internalization and subsequent lysosomal degradation, resulting in intracellular release of DM1-containing cytotoxic catabolites. Binding of DM1 to tubulin disrupts microtubule networks in the cell, which results in cell cycle arrest and apoptotic cell death. In addition, in vitro studies have shown that similar to trastuzumab, TAA013 inhibits HER2 receptor signaling, mediates antibody-dependent cell-mediated cytotoxicity (ADCC) and inhibits shedding of the HER2 extracellular domain in human breast cancer cells that overexpress HER2. The following diagram shows the mechanism of action of TAA013.



Source: Nature Biotechnology; the Company

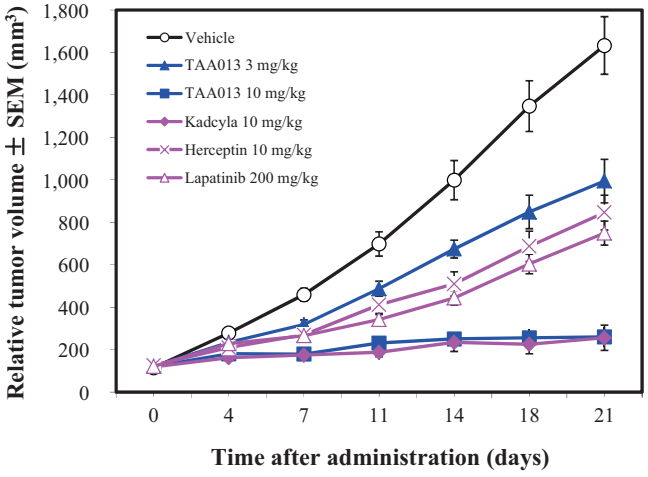
Pre-clinical Studies

The mAb of TAA013 is a biosimilar of trastuzumab (Herceptin), which has the same primary structure as well as similar advanced structure, physicochemical properties and biological activity to that of trastuzumab through structural identification, physicochemical analysis and bioassay. We have

established stable bioconjugation process and quality control methods for the manufacture of TAA013. Comparative studies between TAA013 and its reference substance Kadcyla on drug-to-antibody ratio (DAR), physicochemical properties and biological activities have demonstrated that they are similar.

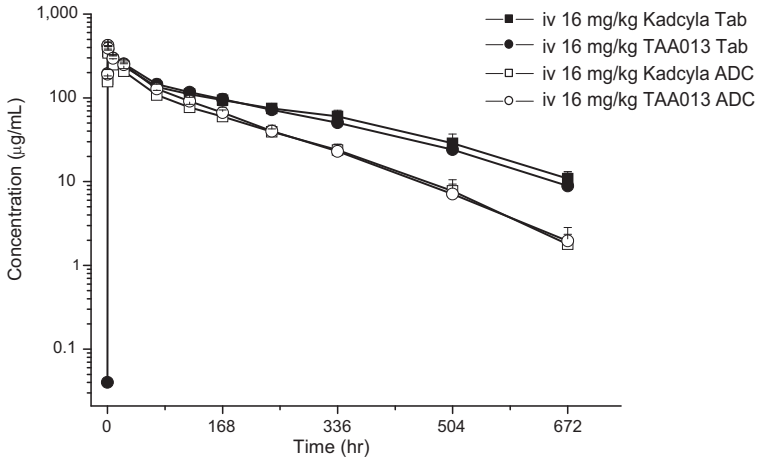
Using appropriate animal models, we have carried out the non-clinical studies for TAA013 as follows: (1) pharmacodynamical study; (2) pharmacokinetic (PK) study; (3) safety study.

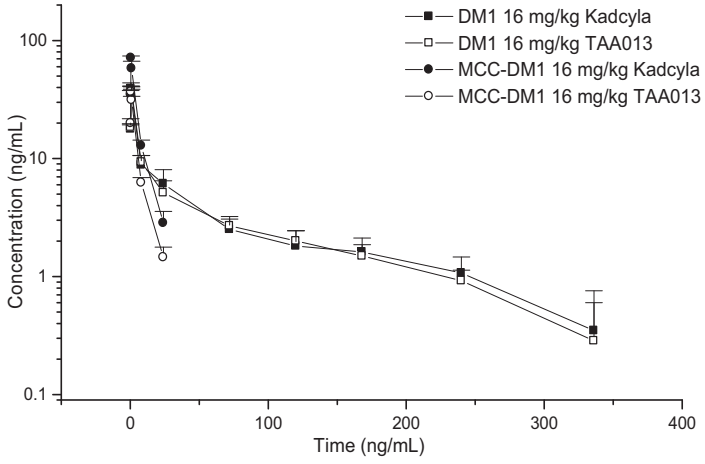
Pharmacodynamical Study. In vivo pharmacodynamical studies evaluated the efficacy of TAA013 and its reference substance Kadcyla on BT-474 (HER2+ human breast cancer cell line), BT-474/T721 (Herceptin resistant cell line), BT-474/L1.9 (Lapatinib resistant cell line), NCI-N87 (HER2+ human gastric cancer cell line), and SK-OV-3 (human ovarian cancer cell line) xenografts in Nude Mice, and the results show that (1) TAA013 is efficacious in multiple HER2+ human cancer xenografts (including breast cancer, gastric cancer and ovarian cancer), (2) it also shows a good inhibitory effect on HER2+ human breast cancer xenografts made resistant to trastuzumab or lapatinib, including BT-474/T721 and BT-474/L1.9, and (3) TAA013 has comparable anti-tumor efficacy to its reference substance Kadcyla. The following figure shows the inhibitory effect on BT-474/L1.9 cancer xenografts in nude mice (Lapatinib resistant) of TAA013, Kadcyla, Herceptin and Lapatinib:



Source: the Company

Pharmacokinetic Study. Pharmacokinetic studies show that total-antibody and conjugated-antibody of TAA013 and Kadcyla at the same dose had similiar effects on rats and cynomolgus monkeys, and that the level of free DM1 amount was the same. The following charts show the total-antibody and conjugated-antibody, DM1 and MCC-DM1 of TAA013 and Kadcyla in cynomolgus monkeys:





Source: the Company

Safety Study. Toxicology studies show that the Highest Non-Severe Toxicity Dose (HNSTD) of TAA013 is 20 mg/kg to cynomolgus monkeys.

Clinical Trials

Following the completion of the CMC study of trastuzumab and ADC in 2016, we submitted an IND application for TAA013 in April 2018, and obtained approval from the NMPA for clinical trials in August 2018.

Phase I clinical trial for TAA013 commenced in December 2018, which is a dose escalation study with three patients per dose level, 0.6 mg/kg, 1.2 mg/kg, 2.4 mg/kg, 3.6 mg/kg, with 3.6 mg/kg projected to be the Phase II or Phase III recommended dose, 3 patients will be dosed at each dose level, and once all

3 patients pass the 21 day dose limiting toxicity observation period, another 3 patients will be recruited to the next dose level, if as planned, a total of 12 patients will be enrolled on the 4 dose escalation part of the study. At our phase 2 recommended dose, a total of 10 patients will be enrolled, including the original 3 patients in the dose escalation part. Our inclusion criteria includes HER2+ breast cancer patients who have progressed on trastuzumab based therapy. The fourth dose level has been completed in July 2019. The primary endpoints of this study are safety, tolerability, pharmacokinetics, and preliminary efficacy. A regulatory consultation after the Phase I clinical trial will be planned to confirm the design and patient numbers of the Phase II or Phase III clinical trials. In addition, the Company released the data of TAA013 Phase I clinical trial in September 2019, thus becoming the first company in China to release Phase I clinical data for T-DM1 ADC drug candidates.

Market Opportunity and Competition

In the United States, Kadcyla is considered the standard second-line treatment for metastatic HER2+ breast cancer patients who received trastuzumab, pertuzumab and taxane in the first-line treatment, according to Frost & Sullivan. However, Kadcyla is substantially more expensive than alternative drugs and therapies. According to Frost & Sullivan, Kadcyla had worldwide sales of US$1.0 billion in 2018. According to Frost & Sullivan, there are 13 ADC agents undergoing clinical trials in China. HER2 is the main target for most of the ADC agents and breast cancer is heavily investigated. Roche submitted NDA for its Tastuzumab-MCC-DM1 on March 28, 2019. Although no ADC product is currently available in China, China's market for ADC products that target HER2+ breast cancer is expected to reach RMB1.5 billion in 2024, according to Frost & Sullivan.

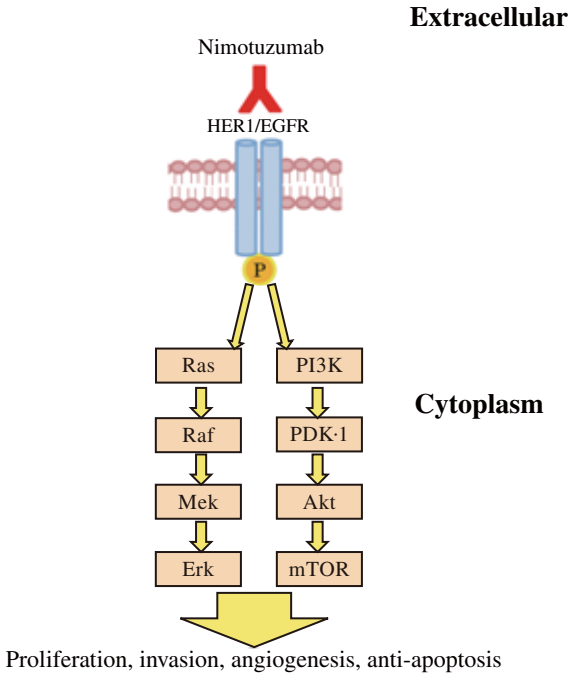
Unlike chemotherapy, ADCs are intended to target and kill only the cancer cells. The antibody embodied in an ADC can specifically target tumor cells and deliver the cytotoxic drug linked to such antibody into tumor cells. Due to this mechanism, ADCs have higher potency and much less off-target toxicity compared to chemotherapy, according to Frost & Sullivan. We believe we are one of the few biotech companies in China possessing manufacturing capabilities for ADC drugs. In addition, we are in the process of constructing a GMP-compliant workshop specialized in commercial-scale ADC production and built to international standards. As such, we believe we are well positioned to capture the huge market opportunities leveraging our strength in manufacturing.

TAD011

TAD011 is an anti-EGFR mAb drug candidate with the same primary sequence as nimotuzumab. TAD011 possesses advantages over nimotuzumab because it is expressed in CHO cells, which are more adaptable to human bodies than drugs expressed in NS0 cells, and its antibody-dependent cell-mediated cytotoxicity (ADCC) activity is substantially higher. Compared to other anti-EGFR mAb drugs, TAD011 has lower off-target toxicity due to its lower affinity for EGFR and hence a reduced effect on normal epithelial cells. We believe it is also more affordable and suitable for various combination therapies.

Mechanism of Action

TAD011 is a recombinant humanized monoclonal antibody targeting EGFR. This class of antibodies has previously shown significant clinical efficacy in the treatment of nasopharyngeal, esophageal, and pancreatic cancer patients. Nimotuzumab competitively binds to EGFR, blocks the receptor and subsequently down streams the signaling pathways, stunts tumor growth, encourages tumor differentiation, and facilitates tumor apoptosis and inhibit tumor angiogenesis. The following chart shows its mechanism of action:

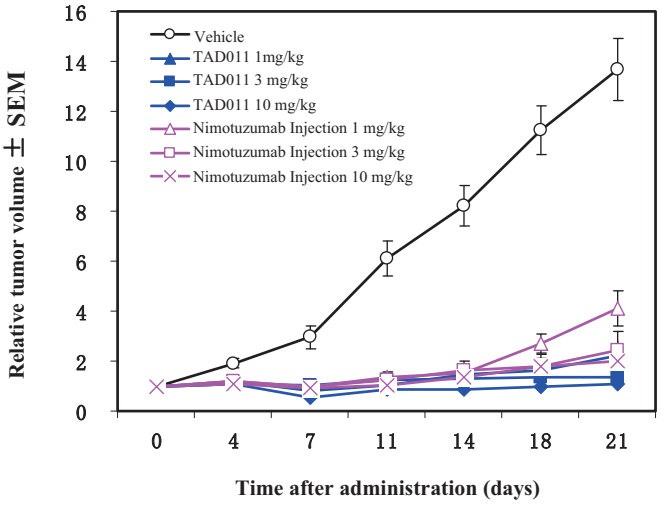


Source: the Company

Pre-clinical Studies

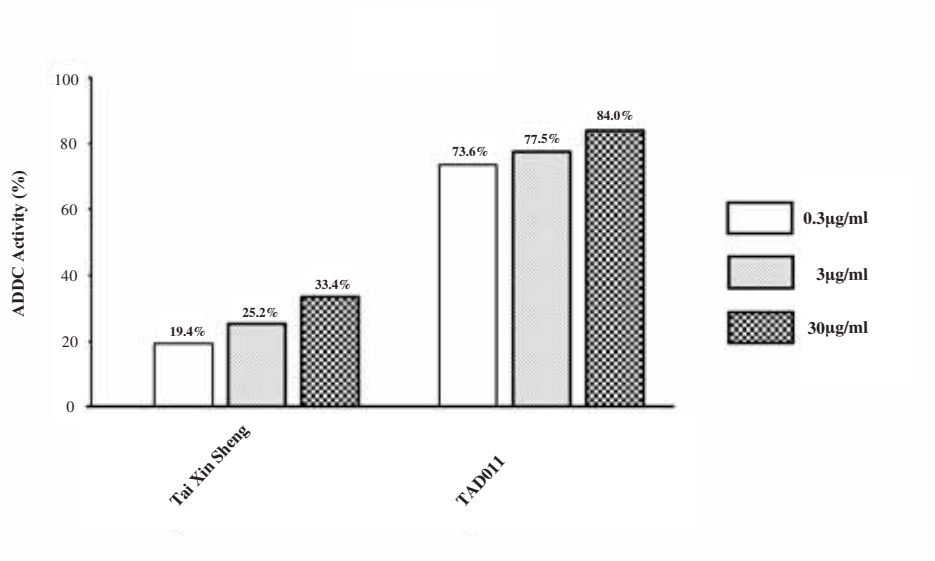
TAD011 has been demonstrated to have the exact same amino acid sequence as nimotuzumab and higher ADCC activity through sequence structure evaluation, physical and chemical analysis, biological activity determination and many more intricate comparisons with nimotuzumab.

Pharmacological, pharmacokinetic, safety and tolerability evaluation of TAD011 were performed. In vivo pharmacological studies have demonstrated TAD011 to be very effective against EGFR overexpressing xenografts in nude mice, and that its potency surpasses nimotuzumab. The following chart shows the efficacy of TAD011 and nimotuzumab to NCI-H292 lung cancer xenografts in nude mice:



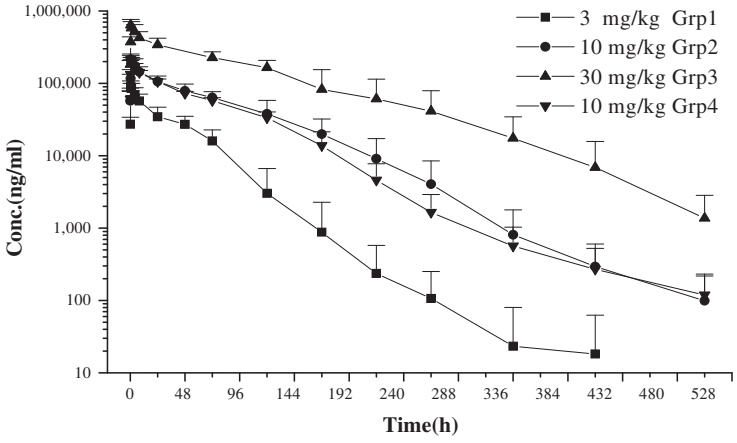
Source: the Company

ADCC activity of TAD011 is significantly superior to that of nimotuzumab to A431 cells, which are derived from epidermoid carcinoma. The chart below shows that the ADCC activity of TAI XIN SHENG (Nimotuzumab) and TAD011 to A431 cells is about 19.4% (73.6%), 25.2% (77.5%) and 33.4% (84.0%) at 0.3, 3 and 30μg/mL of TAI XIN SHENG or TAD011, respectively, compared to the negative control.



Source: the Company

Pharmacokinetic studies have confirmed the serum concentrations of TAD011 to almost perfectly overlap those of nimotuzumab with insignificant differences between them. The following chart shows the average serum concentration vs time curve after single dose intravenous administration of 3, 10, 30 mg/kg TAD011 and 10 mg/kg nimotuzumab, in cynomolgus monkeys (ng/ml, n=6, Mean ± SD):



Source: the Company

Note: (Grp1-3, TAD011; Grp4 nimotuzumab). Mean (+SD) serum concentrations-time profiles after single intravenous infusion of 3, 10, 30 mg/kg TAD011 and 10 mg/kg Nimotuzumab in cynomolgus monkeys

Toxicological studies of TAD011, including safety pharmacology, acute and chronic toxicity, genotoxicity, reproductive toxicity and local irritation studies were performed and confirmed TAD011 to be safe.

Clinical Trials

The Phase I dose escalation study was initiated in June, 2019. Four dose levels are planned at 200mg, 400mg, 800mg, and 1,200mg every two weeks in solid tumor patients, 3 patients will be dosed at each dose level, and once all 3 patients pass the 28 day dose limiting toxicity observation period, another 3 patients will be recruited to the next dose level, if as planned, a total of 12 patients will be enrolled on the 4 dose escalation part of the study. At our phase 2 recommended dose, a total of 10 patients will be enrolled, including the original 3 patients in the dose escalation part. Our inclusion criteria include solid tumor patients whose tumors express EGFR-positive, since TAD011 is EGFR targeting. The primary endpoints of this study are safety and tolerability, pharmacokinetics, preliminary efficacy, and to determine a Phase II recommended dose and also to evaluate preliminary efficacy. A regulatory consultation will be planned after the Phase I clinical trial to confirm the design and patient numbers of the Phase II or Phase III clinical trials. We expect to complete the first Phase III clinical trial by 2023 and to launch this product in 2024, subject to regulatory approval.

Market Opportunity and Competition

Compared to small molecular inhibitors of EGFR, nimotuzumab has a broader range of indications, including but not limited to nasopharyngeal cancer, esophageal cancer and pancreatic cancer. According to Frost & Sullivan, the incidence of EGFR-positive advanced nasopharyngeal cancer reached 37,700 in 2018 and is expected to grow to 42,500 by 2023 at a CAGR of 2.5%. The incidence of EGFR-positive advanced esophageal cancer in China reached 143,000 in 2018 and is expected to grow to

167,000 by 2023 at a CAGR of 3.1%. China's market of nimotuzumab for treatment of nasopharyngeal cancer and esophageal cancer reached RMB489.1 million in 2018 and is expected to reach RMB2,504.8 million in 2024, according to Frost & Sullivan. In addition, the incidence of metastatic pancreatic cancer in China reached 83,900 in 2018 and is expected to grow to 98,600 by 2023 at a CAGR of 3.3%, according to Frost & Sullivan.

According to Frost & Sullivan, there are two marketed anti-EGFR mAb products in China , namely Erbitux for mCRC and Taixinsheng for NPC, and 17 anti-EGFR pipeline products in China, of which most are indicated for the treatment of mCRC, one has submitted NDA and six are undergoing Phase II or Phase III clinical trials.

TAB014

TAB014 is the first bevacizumab based antibody having enrolled patients in Phase I clinical trial for the treatment of retinal neovascularization, such as wet age-related macular degeneration (wAMD), in China. Therefore, we expect it to be first-in-class in China. It may also be used for the treatment of diabetic macular edema (DME), retinal vein occlusion (RVO) and choroidal neovascularization (CNV). We licensed out the right of commercialization in China, Hong Kong and Macau as it is a non-oncology drug. See "— Collaboration with Strategic Business Partners" for details. We also intend to tap into potential overseas markets for TAB014 by seeking co-development and/or out-license opportunities. We expect the Phase III clinical trials of TAB014 to be completed by 2022, followed by product launch in 2023, subject to regulatory approval.

Mechanism of Action

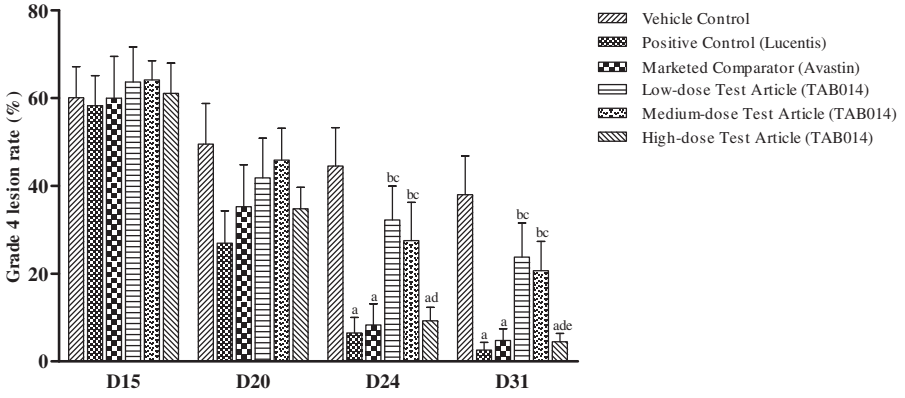
Studies have shown that the VEGF level significantly increased in the patients with wAMD and other eye diseases, such as DME and ME secondary to RVO. The main pathological feature of wAMD is choroid angiogenesis in macular region, and VEGF plays an important role in its angiogenesis. TAB014 is able to specifically bind with VEGF and block it from binding to its receptors, thereby inhibiting the angiogenesis. TAB014 has the same mechanism of action as TAB008 on inhibiting angiogenesis.

Pre-clinical Studies

Our Company has established stable processes for the production and quality control of TAB014. We have demonstrated that TAB014 has the same primary structure as bevacizumab, as well as similar advanced structure, physicochemical properties and biological activity to bevacizumab through structural identification, physicochemical analysis and bioassay.

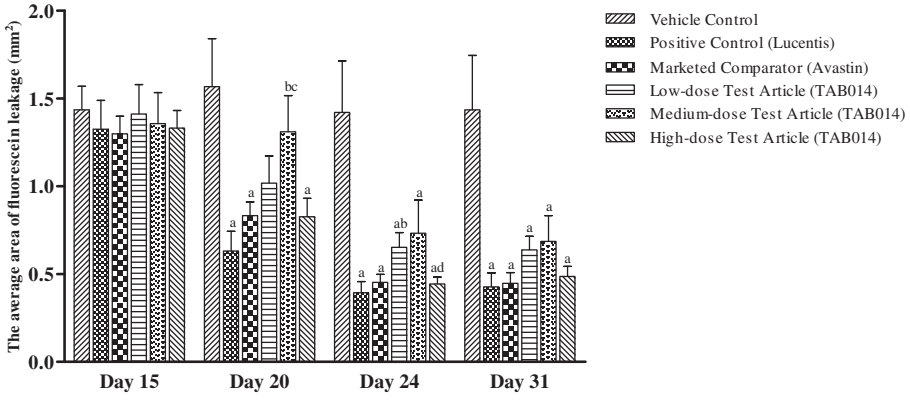
Pharmacodynamical Study. Studies on appropriate animal models show that TAB014 has the similar efficacy in the treatment of wAMD compared with other anti-VEGF monoclonal antibodies, such as bevacizumab and Lucentis. In vivo pharmacodynamic studies show that TAB014 (1.25 mg/eye), Lucentis (0.5 mg/eye) and bevacizumab (1.25 mg/eye) have the same inhibitory effect on choroid

angiogenesis in cynomolgus monkeys. The figures below show the rates of grade 4 lesion and the average area of fluorescein leakage in each group pre/post dosing of TAB014 (1.25 mg/eye), Lucentis (0.5 mg/eye) and bevacizumab (1.25 mg/eye).



Source: the Company

Note: Compared with vehicle control, "a" indicates p≤0.05; compared with positive control, "b" indicates p≤0.05; compared with marketed comparator, "c" indicates p≤0.05; compared with low-dose "d" indicates p≤0.05; compared with medium-dose, "e" indicates p≤0.05

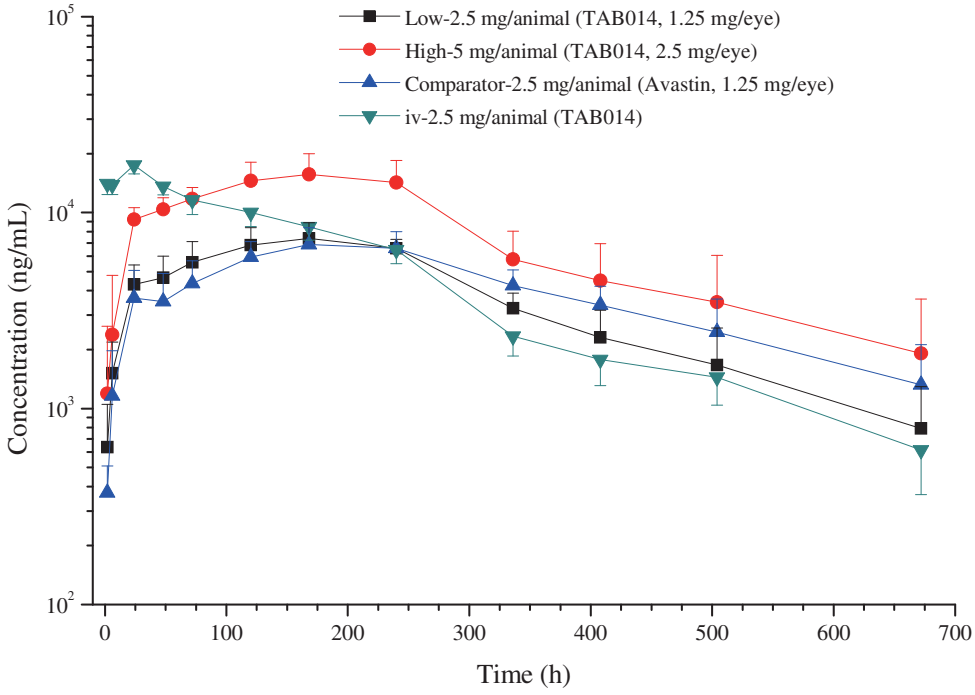


Source: the Company

Note: Compared with vehicle control, "a" indicates p≤0.05; compared with positive control, "b" indicates p≤0.05; compared with marketed comparator, "c" indicates p≤0.05; compared with low-dose "d" indicates p≤0.05; compared with medium-dose, "e" indicates p≤0.05.

Pharmacokinetic Study. We have performed pharmacokinetic studies of TAB014 (1.25 mg/eye and 2.5 mg/eye, respectively, 2 eyes/animal, single intravitreous administration), bevacizumab (1.25 mg/eye, 2 eyes/animal, single intravitreous administration) and TAB014 (2.5 mg/animal, single intravenous injection) on the healthy cynomolgus monkeys. The results show that the parameters of

serum PK, aqueous humor PK and vitreous humor PK have no significant difference between TAB014 and bevacizumab ($p > 0.05$) by intravitreous injection at the same dosage (1.25 mg/eye) as shown in the following chart:



Source: the Company

Safety Study. No systemic exposure toxicity was found in repeated administration toxicity test of TAB014; no anti-drug antibodies (ADA) were detected in all animal serum samples. Non-clinical toxicological tests showed that TAB014 was safe.

Clinical Trials

TAB014 is undergoing Phase I clinical trial in adult macular degeneration patients with the first patient enrolled in June 2018. The pretest cohort has been dosed at 1.25 mg/eye and evaluated for safety, pharmacokinetics and efficacy. This Phase I clinical trial is a dose escalation study and one eye per patient will receive TAB014 at 1.25mg, 2mg, 2.5mg. The Phase II or Phase III recommended dose will be determined from this study. Conclusive data from the Phase I clinical trial will be available in the fourth quarter of 2019. A regulatory consultation will be planned after the Phase I clinical trial to confirm the design and patient numbers of the Phase II or Phase III clinical trials.

Market Opportunity and Competition

TAB014 is developed based on bevacizumab with an ophthalmic formulation, though it is not an oncology drug, we decided to develop it as an extension of our development of TAB008 to target the huge unmet ophthalmic market demand. We intend to produce TAB014 in a cost-efficient manner by utilizing our existing commercial-scale manufacturing capabilities for TAB008 and to position TAB014 as a much more affordable anti-VEGF therapentic option compared to Lucentis, Langmu and Eylea for the said eye diseases. China's market for anti-VEGF mAbs as a treatment for wAMD reached RMB2.0 billion in 2018

and is expected to reach RMB6.0 billion in 2023 with three marketed products for wAMD treatment, two candidates undergoing Phase III clinical trials and eight candidates undergoing Phase I clinical trials in China in addition to TAB014, according to Frost & Sullivan.

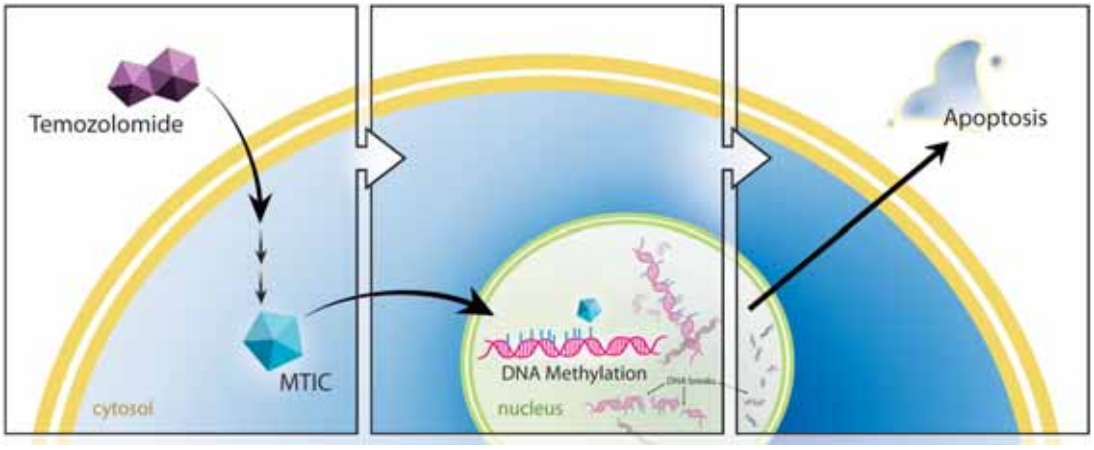
Other Drug Candidates

TOZ309

We are developing TOZ309, a generic drug candidate of Temodal (temozolomide capsule), the patent of which expired in March 2012 in China. Temozolomide is an alkylating agent that can kill cancer cells by damaging their DNA. With improved efficacy and fewer side effects compared to conventional chemotherapy drugs, temozolomide capsules are today used as a first-line medication for both newly diagnosed and recurrent glioma.

Mechanism of Action

Temozolomide is an imidazotetrazine derivative. The chemical name of temozolomide is 3,4-dihydro-3-methyl-4-oxoimidazo[5,1-d]-as-tetrazine-8-carboxamide. It is a white to light tan/light pink powder with a molecular formula of $C_6H_6N_6O_2$. Temozolomide is not directly active but undergoes rapid nonenzymatic conversion at physiologic pH to the reactive compound 5-(3-methyltriazen-1-yl)-imidazole-4-carboxamide (MTIC). The cytotoxicity of MTIC is thought to be primarily due to alkylation of DNA. Alkylation (methylation) occurs mainly at the O^6 and N^7 positions of guanine. The following picture shows the aforementioned process:



Source: American Journal of Neuroradiology; the Company

Note: Schematic illustration of the proposed mechanism of temozolomide. Temozolomide is converted intracellularly into MTIC, which methylates DNA. Cellular repair mechanisms cannot adjust, resulting in DNA nicks and ultimately apoptosis.

BE Study

The BE study of TOZ309 has been completed. We submitted the ANDA for TOZ309, which was accepted by the NMPA in July 2019.

Market Opportunity and Competition

China's market for temozolomide capsules reached RMB1.8 billion in 2018 and is expected to grow to RMB2.5 billion by 2023 at a CAGR of 6.2%, according to Frost & Sullivan. Three TMZ capsules have been marketed in China. The original drug TEMODAR® was approved by the FDA in 1999 and entered the market in China in 2007. In addition to TOZ309, two TMZ capsules are undergoing clinical trials in China, according to Frost & Sullivan.

TOM312

We are developing TOM312, a generic drug candidate of Megace (megestrol acetate oral suspension), the patent of which expired in August 2011 in China. It is for the treatment of cancer- and HIV-associated cachexia. Megestrol acetate is a progestin medication commonly used to treat cachexia. Megestrol acetate is easier to absorb and has better tolerance in oral suspension than in solid dosage forms, but currently it is only available in solid dosage forms in China.

Mechanism of Action

TOM312 is a micronized megestrol acetate in oral suspension dosage form. Its active ingredient, megestrol acetate, is a synthetic derivative of the naturally occurring steroid hormone, progesterone. It is a white, crystalline solid chemically designated as 17α-(acetyloxy)-6-methylpregna-4,6-diene-3,20-dione, with the empirical formula $C_{24}H_{32}O_4$. Several investigators have reported on the appetite enhancing property of megestrol acetate and its possible use in cachexia.

BE Study

TOM312 is in the BE study stage. Our research and development team has completed (1) pre-formulation development, (2) formulation development, (3) analytical method development and (4) process development. For the characteristics of specialty drug delivery system, we are currently conducting the BE study. We expect to submit an ANDA in 2021, subject to regulatory approval.

Market Opportunity and Competition

China's megestrol acetate oral suspension market is expected to grow to RMB297.8 million in 2022 and RMB1,384.5 million in 2030, according to Frost & Sullivan. According to Frost & Sullivan, the generic megestrol acetate has many marketed drugs in solid dosage form while there is no marketed product in oral suspension, though the oral suspension normally demonstrates better absorption and patient compliance than solid dosage form drugs. We plan to target the general patient group in the marketing of TOM312, and intend to seek its inclusion into the NDRL after launching this product.

TIC318

We are developing TIC318, a generic drug candidate of Paraplatin (Carboplatin Injection), the patent of which expired in August 2008 in China. It is indicated for the initial treatment of advanced epithelial-derived ovarian carcinoma and secondary treatment after failure of other treatments. It is also indicated for the treatment of small cell lung cancer (SCLC), head and neck squamous cell carcinoma (HNSCC).

Mechanism of Action

Carboplatin is a platinum coordination compound. The chemical name for carboplatin is platinum, diammine[1,1-cyclobutanedicarboxylato(2-)-O,O']-, (SP-4-2). Carboplatin is a crystalline powder with the molecular formula of $C_6H_{12}N_2O_4Pt$. Carboplatin, like cisplatin, produces predominantly interstrand DNA cross-links rather than DNA-protein cross-links. This effect is apparently cell-cycle nonspecific. The aquation of carboplatin, which is thought to produce the active species, occurs at a slower rate than in the case of cisplatin. Despite this difference, it appears that both carboplatin and cisplatin induce equal numbers of drug-DNA cross-links, causing equivalent lesions and biological effects. The differences in potencies for carboplatin and cisplatin appear to be directly related to the difference in aquation rates.

CMC Study

TIC318 is in the CMC development stage, and we are conducting the quality consistency study with Paraplatin (Carboplatin Injection), which comprises eight phases, namely, pre-formulation study, originator drug quality study, formulation development, analytic development, quality control, process validation, non-clinical safety valuation and stability trial. We expect the process validation to be completed by the end of 2019 and the ANDA application to be submitted in 2020.

Market Competition

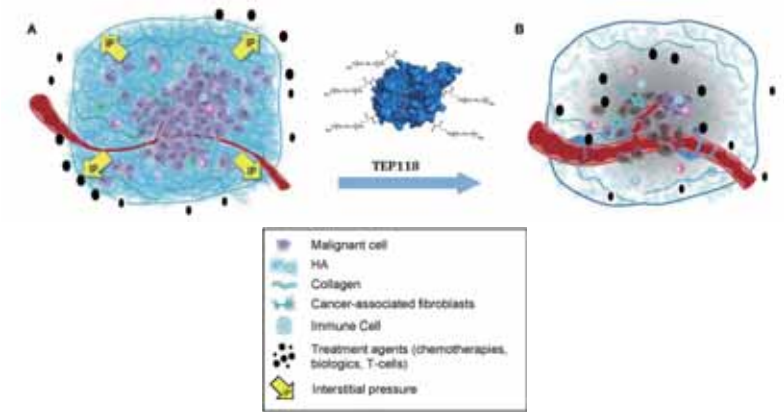
According to Frost & Sullivan, there is a carboplatin injection drug candidate for which the ANDA application has been submitted; in addition two carboplation injections have been marketed since 1999 and 2002 which are indicated for cancer chemotherapy, such as ovarian cancer, head and neck cancer and small cell lung cancer, among others.

TEP118

We intend to develop TEP118 as a modified hyaluronidase with long half life and can be used in combination with a wide range of other oncology drugs to treat biliary cancer, gallbladder tumors, metastatic pancreatic cancer, NSCLC and stomach tumors.

Mechanism of Action

The micro-environment of many tumors contains a vast quantity of hyaluronic acid (HA). In fact, the more malignant phenotypes contain larger amounts of HA. HA contains many intrinsically viscous hydrophilic groups such as hydroxyl groups, with resultant increased interstitial osmotic pressure within the tumor, compressing its vascular supply, creating a highly anaerobic tumor core that is not accessible to many anti-neoplastic agents. Hyaluronidase can digest the long chain structure of HA, down grade its viscosity and interstitial pressure, breaking down the barriers for anti-neoplastic agents to penetrate into the tumor, including the previously anaerobic core, its actions can be seen in the figure below.



Source: Frontiers in Oncology; the Company

Note:

(A) An HA-hightumor, encompassed by a fibrous capsule. As HA accumulates in the tumor it absorbs water, resulting in expansion of the tumor stroma, which is limited by the fibrous capsule, resulting in increased tumor interstitial pressure, collapse of tumor associated vasculature, and other sequelae as shown.

(B) After treatment with PEGPH20, high-molecular weight HA is degraded to fragments, which diffuse into newly expanded vasculature, resulting in a dose-dependent normalization of tumor interstitial pressure and other changes, which result in tumor growth inhibition and increased access to systemic therapies.

Pre-clinical Studies

We have completed construction of the cell line and cell banks for production of hyaluronidase, and completed initial pilot production. We are optimizing the pegylation of hyaluronidase and will start GLP toxicology studies in 2020, targeting the submission of IND in 2021.

Market Competition

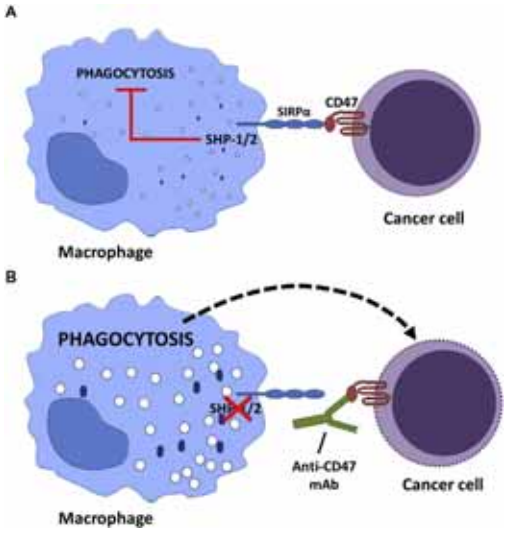
According to Frost & Sullivan, there is a recombinant human hyaluronidase drug candidate for which an IND application was submitted in January 2018.

TAY018

We intend to develop TAY018 as an anti-CD47 mAb for the treatment of non-Hodgkin's lymphoma, myelodysplastic syndrome, acute myelogenous leukemia and solid tumors.

Mechanism of Action

TAY018 is a humanized recombinant CD47 monoclonal antibody, used in the treatment of non-Hodgkin's lymphoma, myelomas, acute myeloid leukemia and various solid tumors. CD47 is overexpressed on the surface of many tumor cells, through interaction with SIPRα on the surface of macrophages, the signal of "don't eat me" is released, thereby evading the recognition and killing of tumor by the patient's immune system. Blocking this "don't eat me" signal by CD47 antibody enables and restores the phagocytic function of macrophages and the scavenging effect of the immune system. Its mechanism of action is shown in the following figure:



Source: European Journal of Cancer; the Company

Note: CD47 is highly expressed on many different types of cancers. SIRPα is an inhibitory receptor expressed on macrophages and other myeloid immune cells.

(A) When CD47 binds to SIRPα, it causes activation of the SHP-1 and SHP-2 phosphatases that inhibit phagocytosis via downstream mediators.

(B) Disruption of the CD47/SIRPα axis using antibodies or recombinant proteins disables inhibitory signalling by SIRP α, thereby stimulating phagocytosis of cancer cells.

Pre-clinical Studies

The TAY018 monoclonal antibody is undergoing humanization studies, which we target to complete in 2019. Its process development and pre-clinical studies is planned to finished in 2021, and we expect to submit the IND application in 2022.

Market Competition

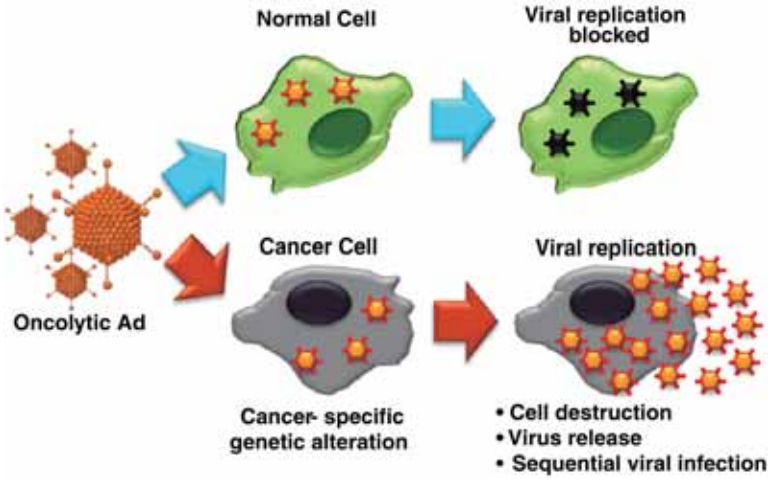
According to Frost & Sullivan, there is an anti-CD47 mAb drug candidate for which an IND application was submitted in March 2019. In addition, two additional drug candidates of this kind are undergoing Phase I clinical trails.

TVP211

We intend to develop TVP211 as an oncolytic virus drug based on genetically modified vaccinia virus for the treatment of multiple types of solid tumors, including liver cancer, lung cancer, ovarian cancer and brain glioma.

Mechanism of Action

As shown in the following chart, an oncolytic virus is a virus that can infect and kill cancer cells while leave normal cells undamaged. After infected cancer cells are eliminated by oncolysis, progeny viruses are released to destroy the remaining tumor.



Source: Advanced Drug Delivery Reviews; the Company

TVP211 is a vaccinia virus based oncolytic virus, which is a new generation of oncolytic virus with good natural tumor selectivity. It has been attenuated by deleting its intrinsic TK gene, which allows viral replication in quiescent cells, and through directed evolution inserted the GM-CSF and HSP70 genes to enhance tumoricidal activity. Simultaneous expression of GM-CSF can stimulate the migration and maturation of dendritic cells, and expression of the HSP70 gene can promote release of neoantigens after tumor oncolysis, to be uptaked and presented by dendritic cells, enhancing immunity against the cancer. The sequence of events dictated by these two genes in the oncolytic process, in combination with the tumor selectivity of the oncolytic virus will greatly enhance its efficacy in killing cancer cells.

Pre-clinical Studies

TVP211 is undergoing process optimization and pilot production. We have conducted some vitro studies on selected tumor cell lines, the results of which show that TVP211 has specific anti-tumor efficacy to tumor cells with no obvious killing effect to normal cells, as shown in the figure 1 (normal cells), figure 2 (cancer cells), figure 3 (cancer cells) and figure 4 (cancer cells) below:

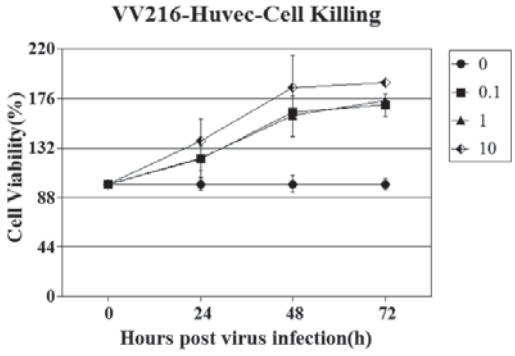


Fig 1. HUVEC (Endothelial Cell)

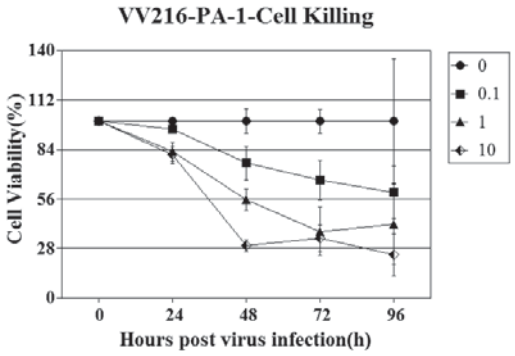


Fig 2. PA-1 (Ovarian Cancer)

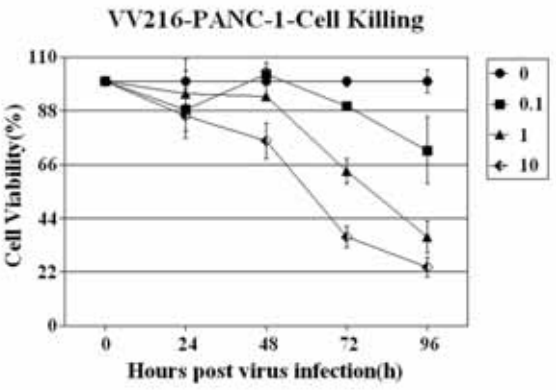


Fig 3. PANC-1 (Pancreatic Cancer)

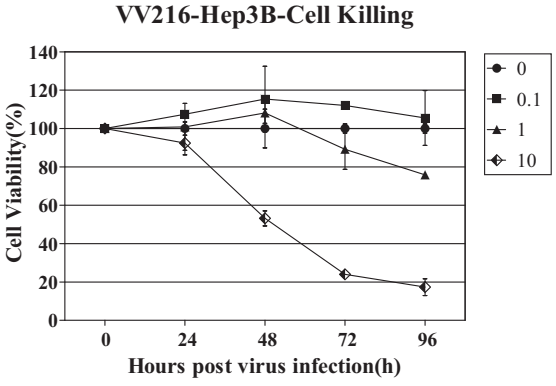


Fig 4. Hep3B (Liver Cancer)

Source: the Company

Market Competition

According to Frost & Sullivan, there are four oncolytic virus drug candidates undergoing clinical trials in China. An increasing number of pharmaceutical companies are conducting pre-clinical studies or preparing for IND.

TID214

We intend to develop TID214 as liposomal docetaxel for the treatment of solid tumors.

Mechanism of Action

TID214 is a novel drug delivery system of docetaxel, which would be intercalated in the bilayer of liposome. Docetaxel is an antineoplastic agent that acts by disrupting the microtubular network in cells that is essential for mitotic and interphase cellular functions. Docetaxel binds to free tubulin and promotes the assembly of tubulin into stable microtubules while simultaneously inhibiting their disassembly. This leads to the production of microtubule bundles without normal function and to the stabilization of microtubules, which results in the inhibition of mitosis in cells. Docetaxel's binding to microtubules does not alter the number of protofilaments in the bound microtubules, a feature which differs from most spindle poisons currently in clinical use. TID214 might modify the pharmacokinetics profiles of the free docetaxel, then improve the clinical benefit for the patients.

Pre-clinical Studies

In pre-clinical study, as of the Latest Practicable Date, we have completed (1) liposome concept design, (2) formula concept verification, (3) Pre-prescription research, (4) early process development. We are currently conducting a series of studies prior to IND application in accordance with NMPA and FDA technical requirements for new drug delivery systems, including (1) prescription development, (2) process development, (3) analytical development, and (4) non-clinical efficacy evaluation, (5) non-clinical safety assessment, (6) non-clinical PK/PD study, (7) quality control and (8) stability test.

Market Competition

According to Frost & Sullivan, one docetaxel liposome entered into Phase I clinical trial in October 2018.

TIO217

We intend to develop TIO217 as liposomal oxaliplatin for the treatment of gastrointestinal tumors.

Mechanism of Action

TIO217 is a novel type of liposomal oxaliplatin. The active substance is encapsulated within an aqueous space of liposome. Oxaliplatin is a platinum-based drug undergoing nonenzymatic conversion in physiologic solutions to active derivatives via displacement of the labile oxalate ligand. Several transient reactive species are formed, including monoaquo and diaquo DACH platimum, which covalently bind with macromolecules. Both inter- and intrastrand Pt-DNA crosslinks are formed. Crosslinks are formed between the N7 positions of two adjacent guanines (GG), adjacent adenine-guanines (AG), and guanines separated by an intervening nucleotide (GNG). These crosslinks inhibit DNA replication and transcription. Cytotoxicity is cell-cycle nonspecific.

Pre-clinical Study

In pre-clinical research, the study is in concept proof and optimization stage.

Market Competition

According to Frost & Sullivan, there is one oxaliplatin liposome drug candidate for which an IND application was submitted in May 2011.

RESEARCH AND DEVELOPMENT

We have established three advanced technology platforms, namely the Therapeutic Monoclonal Antibody and ADC Technology Platform, the Gene Engineering Based Therapeutics Technology Platform and the Innovative Drug Delivery Technology System, to develop different types of oncology drugs. We have a research and development center in Suzhou, as well as a dedicated research team in Zhangjiang Hi-Tech Park, Shanghai focusing on early discovery and enhancing our capability to collaborate with other innovational oncology drug companies. As of the Latest Practicable Date, our research and development activities had yielded six invention patents and one utility model patent in China. As of the same date, we also had 13 pending invention patents and one pending utility model patent in China and three pending international patent applications under the Patent Cooperation Treaty, or PCT.

We pride ourselves in our self-developed know-how for manufacturing processes. We have developed our perfusion-batch hybrid technology, a new cell amplification technology that combines batch and perfusion culture for cell amplification in commercial production. This technology allows us to conduct seed expansion in 25L WAVE bioreactors and directly scale up to 2,000L bioreactors, skipping 10L, 50L and 200L or 500L bioreactors and thus saving on capital expenditure, facility space, production costs and production time. We also possess proprietary know-how that can ensure the glycoform of most biologic drugs we develop is consistent with the originator or reference pharmaceutical.

We have developed in-house capabilities in accordance with the quality-by-design (QbD) concept under the ICH Q8 guidelines covering all stages of the research and development process, including conceptual design, pre-formulation, formulation development, process development and quality control, which allows us to conduct CMC development efficiently and provide support for the clinical development of new chemical entity (NCE) products.

Our In-House Research and Development Team

As of the Latest Practicable Date, we have a product research and development team consisting of 187 members. 88.2% of our research and development team members had educational backgrounds in related areas such as biological chemistry, biomedical engineering, healthcare and medicine, 90.4% had graduate or higher educational backgrounds, and 3.2% had Ph.D. degrees, each as of the Latest Practicable Date.

We are committed to recruiting new talents to join our product development team. We attend campus recruitment events on a regular basis to recruit qualified outstanding graduates. We also seek to hire research and development personnel with experience in the relevant fields. We attract new research and development talents by offering competitive compensation packages, career development opportunities and trainings designed to enhance their skills and technical knowledge.

Our Research and Development Process

Discovery

Our research and development capabilities begin with the discovery of new drug candidates. This function is led by a key scientist team with extensive industry experience in drug discovery. The key members of the team, Dr. Liu, Jun and Dr. Duan, Qing, have a proven track record in leading and

managing biological research projects at top-tier global pharmaceutical companies. This team focuses on identifying and validating potential therapeutic molecules that can cure or delay the progress of a disease by modulating one or more specific protein targets, which are biological molecules that play critical roles in particular metabolic or signal pathways. Our team also closely monitors ongoing projects under development by global pharmaceutical and biotech companies to identify molecules that have pharmaceutical activity and high market potential.

Our research and development team has developed a series of in vitro functional assays and in vivo animal models to test drug candidates identified through the discovery process. Our cell-based assays are designed to evaluate the functions of our lead candidates and cover a wide range of mechanisms, including tumor cell killing assays, immune cell cytotoxicity assays, cytokine release assays, and various activity assays for different immune cell types.

Cell Line Construction

Following in vitro and in vivo studies, a high-quality production cell line is needed to produce the selected candidate, as the quality of the cell line directly affects manufacturing cost as well as the quality of the final product. We have longstanding relationships with selected CROs who construct the cell line by synthesizing and cloning the target gene using cell line screening and development technology that efficiently identifies individual cell lines with high productivity, quality, and stability. See "— Research and Development — Collaboration with CROs" for details about our arrangement with CROs.

Process Development

Biological Drugs

Our research and development personnel select the final cell line from those constructed by the CROs and set up the primary cell bank and the production cell banks accordingly. Design of Experiments (DOE) methods are then used to develop and optimize subsequent culture processes. We have developed our perfusion-batch hybrid technology, a new cell amplification technology that combines batch and perfusion culture for cell amplification in commercial production. This technology allows us to conduct seed expansion in relatively small bioreactors and still meet the cell density level required for the subsequent culture in 2,000L bioreactors, thus saving on capital expenditure, facility space, production costs and production time. We also possess proprietary know-how in glycoform optimization technologies, which can ensure that the glycosylation profile of most biosimilars we develop is consistent with the originator or reference pharmaceutical. Such know-how also allows us to adjust the glycosylation profile of mAb drugs according to their mechanism of action, such as their ADCC activity.

We have accumulated substantial skills and experience in protein purification from small scale to large scale by developing mAbs and recombinant proteins. Unlike mAbs, purification processes for recombinant proteins are customized and more complicated. Our protein purification capabilities enable us to easily establish purification protocols by design of experiments (DOE) for target drugs.

Our in-house formulation team conducts delicate formulation study, lyphilization curve study, and excipient selection study such as buffers, salts, surfactants, polyol/disaccharide/polysaccharides, amino acids, and antioxidants for mAbs and ADCs, in both liquid and lyophilized forms.

Chemical Drugs

We have developed an innovative drug delivery technology platform focused on the development of non-biological complex drugs, including sterilized and/or lyophilized liposomal for injection, and oral solid preparations with sustained release profiles. In accordance with the quality-by-design (QbD) concept under the ICH Q8 guidelines, our product development team uses tools such as risk management and experimental design (DOE) to perform formulation conceptual design, pre-formulation, formulation development, process development, technology transfer, process validation and quality control of the critical quality attributes (CQAs) of final products. This platform enables us to develop high-quality generic drugs and provide efficient CMC capacity and clinical development support.

Analytical Method Development

Our analytical development team has been developing a range of methods for physical-chemical and bioactivity analysis on drug identity, purity, safety and efficacy. We also possess in-house advanced analytical capabilities on extended characterization of large molecules, such as primary structure analysis, using liquid chromatography-mass spectrometry (LC-MS/MS) and antigen antibody affinity measurement using surface plasmon resonance (SPR) technology. These capabilities enable us to develop a profound understanding of the structure and function of the drug molecules, thus ensuring the high quality of our drug candidates.

Pre-clinical Development

Our in-house pre-clinical development team has a wide range of expertise, including pharmacology, pharmacokinetics and toxicology, and takes a leading role in the design of effectiveness and safety evaluation of our drug candidates. This team works closely with selected CROs to conduct pharmacology, pharmacokinetics and safety evaluation and collect information on dosing and toxicity levels in preparation for clinical trials. The team also closely interacts with our in-house drug discovery, CMC and clinical development personnel to advance our drug development programs by providing timely feedbacks on the results from pre-clinical studies. As of the Latest Practicable Date, the team had conducted pre-clinical studies for four biological drugs and two chemical drugs.

Clinical Development

Following the receipt of IND approval from the relevant regulators, we may commence human clinical trials. We closely manage all stages of clinical trials, including clinical trial design, implementation, in-house production of drug candidate samples used and the collection and analyses of trial data. Our medical science division formulates clinical trial protocols that grasp the essential clinical endpoints, conform with the relevant regulatory requirements and are the most feasible and conducive to a speedy completion. Our clinical operation division identifies suitable investigators and hospitals and, together with the medical science division, prepares and manages regulatory filings by drafting filing dossiers and addressing regulatory questions. In addition, our quality management team conducts GMP readiness assessments for our drug candidates on a regular basis.

As at the Latest Practicable Date, we were in the process of conducting five clinical trials and had completed two clinical trials, in China, which demonstrates our capability to efficiently and successfully conduct multiple clinical trials.

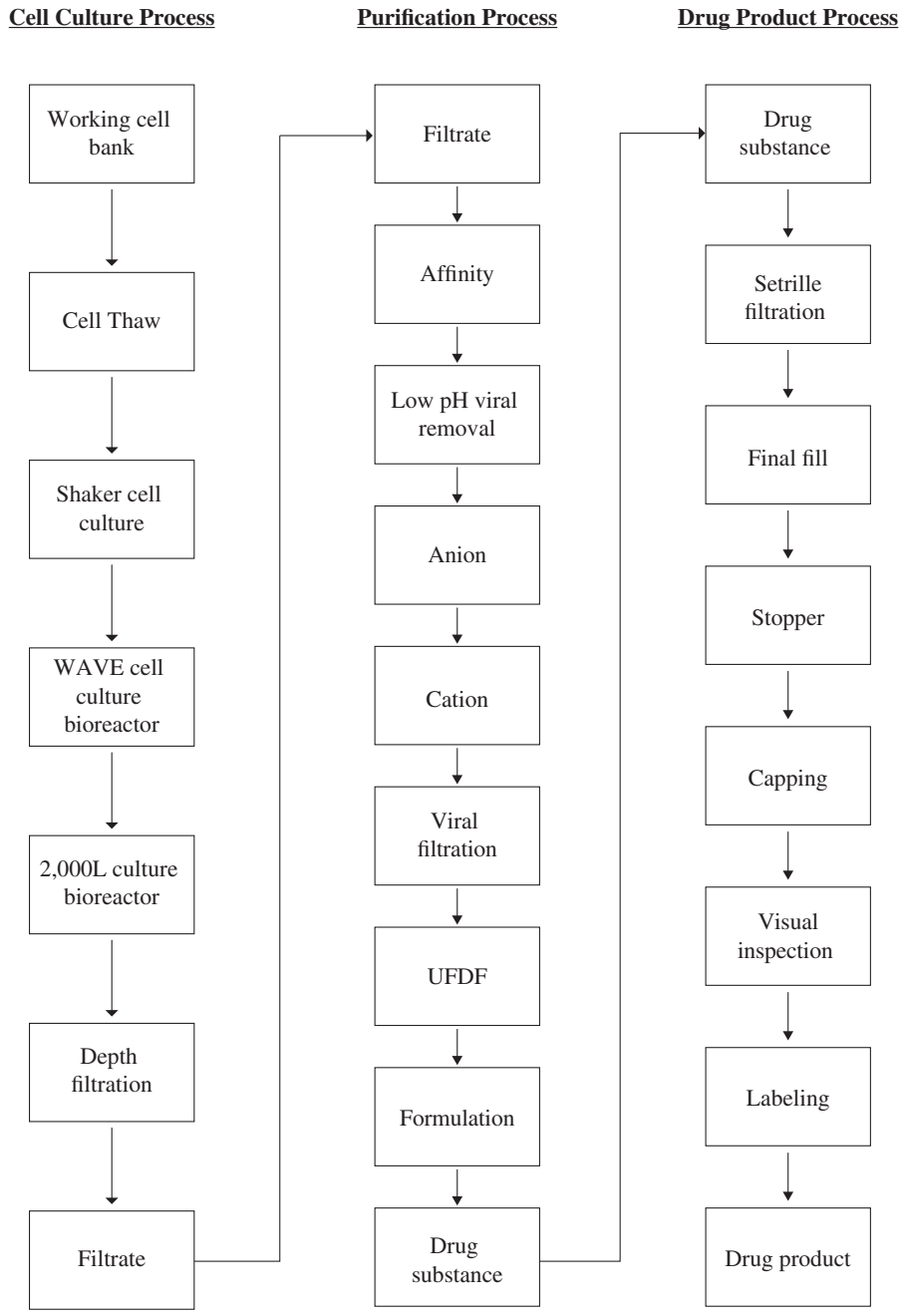
Collaboration with CROs

In line with industry practice and to supplement our in-house capabilities, we engaged certain CROs to conduct pre-clinical and clinical research during the Track Record Period. We believe the collaboration with CROs enables us to speed up the pre-clinical and clinical new drug development activities. The CROs provide us with an array of products and services necessary for complex pre-clinical and clinical research, including cell line construction, virus clearance validation, biacore, pharmacokinetics studies and toxilogical studies, among others. In addition to the scope, depth and quality of their service and product offerings, we place a high value on our CROs' ability to facilitate optimal site selection, timely patient recruitment and efficient conduct of complex clinical trials. We rely on CROs in clinical trials to the extent of leveraging their network of staff located at hospital sites, familiarity with hospital IRB procedures, network of investigators as well as capability of assisting us in accelerated patient enrollment and clinical trial execution according to GCP standards. During the Track Record Period, we worked closely with our CROs in the clinical trials of our drug candidates including TAB008, TOZ309, TAA013 and TAD011. In collaboration with CROs for clinical trials, our medical team is responsible for all clinical protocol development and product related regulatory materials, such as investigational brochures, pharmacy-vigilance documentation and reporting. Given the importance of CROs' assistance in our on-site clinical trial activities, we select each CRO prudently from the outset and comply with our CRO-specific standard operating procedures in the monitoring of our CROs. Our clinical teams hold regular meetings with CROs to discuss the progress of clinical trial milestones, including patient recruitment, data and statistical analysis and reporting of clinical study results as well as any risks and issues or challenges faced during the clinical trial process. We select CROs based on various factors, including their quality, reputation and research experience. We generally enter into master contract services agreements with the CROs we engage, which include a statement of work specifying the terms of services provided by the CROs, and pay these CROs fixed project-based fees. Under such agreements, all intellectual property rights arising from the performance of the services, including clinical trial data, will be owned by us. We also require our CROs to conduct clinical trials in accordance with international GCP standards. Typically, we require the CRO personnel handling our clinical trials to hold GCP certification or have GCP training experience.

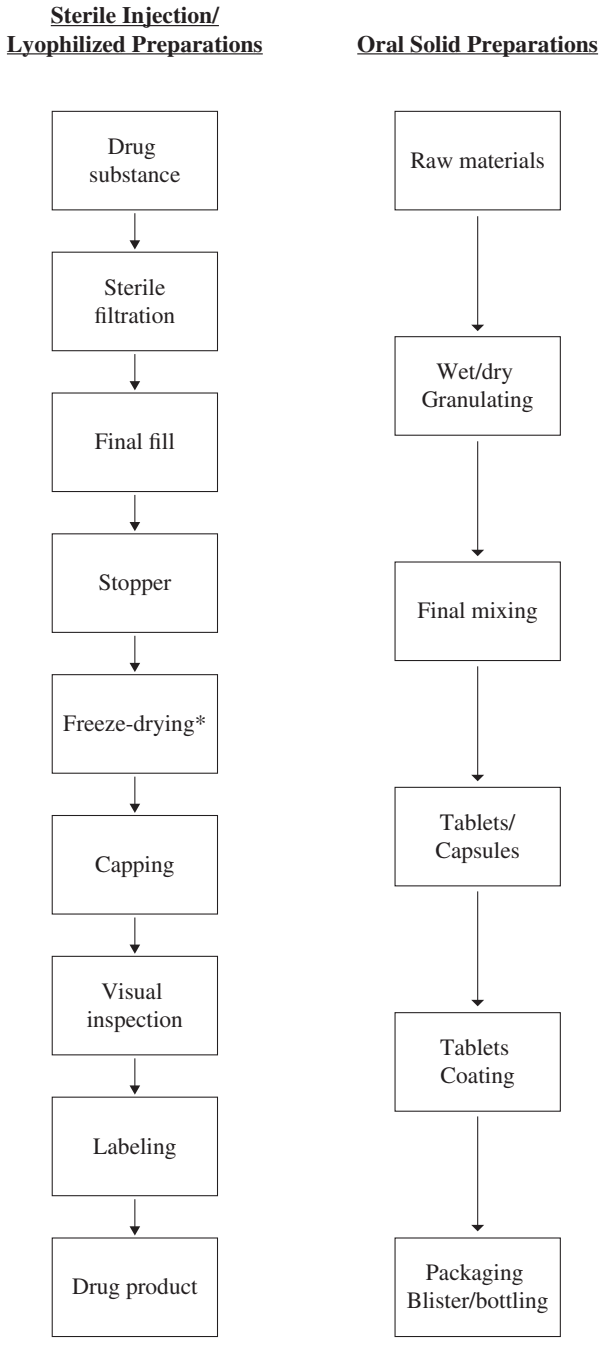
PRODUCTION

Production Process

The following chart sets forth a summary of the production process of our mAb drug candidates:



The following chart sets forth a summary of the production process of our chemical drug candidates:



* *Not required for sterile injection preparations*

Chemistry, Manufacturing and Controls

Our in-house team for chemistry, manufacturing and controls (CMC) has a track record of nine years. Our experienced staff, some of which have nearly 20 years of experience, has been contributing to the process development and method development.

Our process development is carried out by teams for (i) cell culture, (ii) protein purification, (iii) formulation studies and freeze-drying process development, and (iv) mAb conjugation and protein drugs PEGylation. Because of extensive experience in the process development for mAb drugs, PEGylated protein drugs, ADC drugs and oncolytic viruses, our teams attained experience in each of their specialties.

Specifically, the cell culture team has established know-how in regulating cellular metabolism and protein glycosylation. The team utilizes both the fed-batch technology and the perfusion technology, which are two mainstream technologies applied in mAb commercial manufacturing. Most importantly, the cell culture team has developed a new cell amplification technology which integrates perfusion and batch culture (PB hybrid technology) for commercial mAb manufacturing. This technology shows a lot of advantages compared with traditional cell amplification technology. Furthermore, the team is experienced in random conjugation (TAA013) and fixed-point conjugation for ADCs, and PEGylation of recombinant proteins (TEP118) through their engagement in the R&D.

Our method development is performed by the character research team and method development team. The former conducts characterization studies of macromolecular drugs, which helps accelerate the development process and druggability evaluation. In addition, the team has established site analysis and site occupancy analysis of ADC drug small molecule combined with monoclonal antibody, and method for detecting PEG content, providing guidance for the production techniques of ADC drugs. The method development team has been developing bioactive detection method, physical and chemical analytical method and microbial detection method, among others.

Production Facilities

Our production center, located in Suzhou and with a total gross floor area of 49,849.04 sq.m., consists of two campuses. The No.1 Campus, completed in 2012, comprises a biologic pilot plant equipped with a 500L bioreactor for mAbs, an OEL-5 isolator for ADCs and a BSL-2 certified viral facility and GMP-compliant workshops for oral and injectable small molecular drugs. The No. 2 Campus, completed in March 2018, is a state-of-the-art antibody production site with a designed capacity of 16,000L to accommodate high-quality commercial manufacturing.

To meet the expected demand for our drug candidates, we are in the process of improving our production techniques, especially the scale-up production, and enhancing the utilization efficiency of our current manufacturing facilities to better prepare us for commercial-scale manufacturing. Additionally, we plan to construct a range of new production facilities for our drug candidates, including a GMP-compliant workshop specialized in commercial-scale ADC production and built to international standards. We believe the contemplated expansion and upgrades to our production facilities will increase the efficiency of our production processes, equip us with new production technology for our drug candidates, satisfy the needs for large-scale commercial manufacturing facilities in the future and allow us to continue to maintain an effective quality management system for our production.

In formulating our expansion and upgrade plan, we take into consideration the research and development and commercialization progress of our drug candidates, anticipated market demand and capital expenditures to be incurred. We plan to use part of the proceeds from the Global Offering to fund such expansion and upgrade. See "Future Plans and Use of Proceeds — Use of Proceeds" for details.

We utilize single-use technologies in the production process, such as disposable bioreactors. We believe that, compared to traditional stainless steel bioreactors, single-use bioreactors possess many

advantages, including shorter downtimes, reduced cleaning and sterilization efforts, a significantly lower risk of cross contamination, flexibility and easy shifts in portfolios based on market needs. In addition to operational efficiency, single-use technologies allow us to benefit from material savings in terms of capital investment and production cost. According to the Frost & Sullivan Report, single-use bioreactors generally reduce capital expenditure by up to 50% and save the need for clean-up and disinfection after each production cycle, which reduces per-batch production time and decreases the risk of contamination.

Production Equipment

Our production plants are equipped with equipment owned by us, including bioreactors, purifiers, freeze-dryer, filling lines, quality inspection and other equipment for different stages of our production process. We apply the straight-line method to allocate the depreciation cost of machinery and testing equipment over five to ten years. As of the Latest Practicable Date, based on our regular inspection and maintenance of our equipment, our machines and equipment were in good condition. We did not experience any material or prolonged interruptions to our production process due to machinery or equipment failure during the Track Record Period. We update our production equipment based on our evaluation of its performance effectivity.

COLLABORATION WITH STRATEGIC BUSINESS PARTNERS

Equipped with our full industry value chain capabilities, we adopt an open platform business model and collaborate with third party business partners at different stages of the industry value chain. Our full industry value chain capabilities make our open platform attractive to an industry player whose capability in certain parts of the industry value chain is complementary to ours. As such, we have entered into various types of collaboration arrangements with different industry players that can help us optimize our product portfolio in a cost-efficient and risk-balanced manner, which can enrich our product portfolio, strengthen our commercialization capabilities, accelerate the commercialization of our non-oncology drug candidates and provide steady revenue and cash flows.

Collaboration with Taiho Pharmaceutical

In December 2010, we entered into a co-promotion agreement with Taiho Pharmaceutical, pursuant to which we were appointed Taiho Pharmaceutical's exclusive regional promotion agent of tegafur-gimeracil-oteracial potassium capsule, an oncology drug developed by Taiho Pharmaceutical and sold under the trade name "S-1" in certain provinces in China. In 2017, 2018 and the four months ended April 30, 2019, we generated revenue of RMB29.2 million, RMB26.1 million and RMB10.0 million, respectively, under the co-promotion agreement with Taiho Pharmaceutical.

Collaboration with Lee's Pharm

In January 2017, we entered into a product licensing, development and commercialization agreement with Zhaoke Pharmaceutical, a wholly owned subsidiary of Lee's Pharm, pursuant to which we granted Zhaoke Pharmaceutical an exclusive license to develop and commercialize TAB014 in China. Zhaoke Pharmaceutical shall conduct pre-clinical and clinical research for TAB014 at its own expense and assist us in obtaining regulatory approvals. All pre-clinical and clinical research data will be jointly owned by Zhaoke Pharmaceutical and us. Upon the receipt of the requisite regulatory approvals, we will be responsible for the commercial-scale manufacturing of TAB014 while Zhaoke Pharmaceutical shall commercialize and distribute TAB014 in China. In addition to the purchase price of the products sourced

from us, Zhaoke Pharmaceutical agreed to pay us certain milestone payments tied to research and development progress and the historical cumulative sales volume of TAB014. The agreement is for a term of 10 years. In 2017, 2018 and the four months ended April 30, 2019, revenue generated through our cooperation with Lee's Pharm was RMB15.8 million, nil and nil, respectively.

CDMO and CMO Services

During the Track Record Period, we provided CDMO and CMO services to biotech companies. We provide CDMO and CMO services to not only increase our revenue base, but also gain access to drug candidates that may potentially enrich our product portfolio. We enter into service agreements with a term of around one year with these pharmaceutical companies and receive milestone payments tied to research or manufacturing progress. These agreements generally include terms on product quality or service details, technical standards or methods, delivery, agreed price and payment, and product inspection and acceptance criteria. The pharmaceutical companies we provide services to generally procure raw materials themselves and have the right to inspect our facilities. In 2017, 2018 and the four months ended April 30, 2019, we generated revenue of RMB3.4 million, RMB1.2 million and RMB1.5 million, respectively, from our CDMO services and RMB3.1 million, RMB11.3 million and RMB6.5 million, respectively, from our CMO services.

Collaboration with TWi Pharmaceuticals

In July 2018, we entered into an exclusive distribution agreement with TWi Pharmaceuticals, pursuant to which we were appointed as the exclusive distributor of TOM218, a megestrol acetate oral suspension product developed by TWi Pharmaceuticals, in China, Hong Kong and Macau. We are also required to promote TOM218 in a commercially reasonable manner and report to TWi Pharmaceuticals semiannually on the promotion activities conducted. The purchase price of the products we source from TWi Pharmaceuticals shall be adjusted downward when we reach certain sales milestones. The agreement is for a term of 10 years, during which we shall be responsible for obtaining the requisite regulatory registrations. The ANDA for TOM218 was submitted in January 2019, which was accepted by the NMPA. We did not generate any revenue under the exclusive distribution agreement with TWi Pharmaceuticals during the Track Record Period and expect to generate revenue in 2021.

Although we are developing TOM312, another megestrol acetate product, TOM218 differs from TOM312 in formulation and dosage, and thus has a higher technology barrier and competes in a different market. We believe TOM218 will cater to the needs of high-end patient groups, which are unlikely to overlap with the target patient groups of TOM312. Furthermore, with an earlier expected launch date, we plan to leverage our experience in the distribution of TOM218 to prepare our sales and marketing team for the commercialization of TOM312.

Collaboration with Centerlab

In September 2018, we entered into a joint development agreement in relation to the development, manufacturing and distribution of TOM312, a generic drug candidate of Megace (megestrol acetate oral suspension) for the treatment of cancer- and HIV-associated cachexia. See "— Our Drug Candidates — Other Drug Candidates — TOM312" for details. Pursuant to this agreement, we will develop TOM312 using technologies licensed from Centerlab and hold the relevant licenses for this drug, while Centerlab shall be responsible for the commercial-scale manufacturing of TOM312. As an oral solution pharmaceutical company in Taiwan, Centerlab is the developer and owner of the technologies related to

an oral suspension product, Megest Oral Suspension ("**Megest**"), commercialized in Taiwan in 2005. Megest has the same active pharmaceutical ingredient (namely, megestrol acetate) as, but a different formulation from, TOM312. Through its 14 years of experience in manufacturing Megest, Centerlab has attained the technologies and abilities to manufacture megestrol acetate as demonstrated by Megest's significant share in the Taiwanese megestrol acetate oral suspension market. In particular, the production of TOM312 requires a special hormone progesterone production line dedicated in processing megestrol acetate. Centerlab not only owns such production line together with the relevant operational techniques, but also can leverage its experience from the production of Megest. Furthermore, TOM312 must be produced in small liquid oral dosage form. As a pharmaceutical company reputable for its oral liquid products, Centerlab is proficient in the production of small liquid oral dosage form. According to Frost & Sullivan, megestrol acetate-focused production lines and small liquid oral dosage form production capabilities are rarely found among PRC pharmaceutical companies.

We agreed to pay Centerlab (a) a one-off technology licensee fee of NT$4,000,000; (b) manufacturing fees of (i) NT$250,000 per batch (expected to consist of 8,000 bottles) during the development stage, and (ii) no more than NT$30 per bottle during the commercial-scale manufacturing stage, in each case together with miscellaneous fees, costs and expenses; and (c) royalties representing a percentage of the net sales revenue for the first ten years after the commercialization of TOM312 on the following sliding scale: (i) 5% for the first 50,000 bottles, (ii) 4% for the 50,001st to 100,000th bottles, (iii) 3% for the 100,001st to 150,000th bottles, and (iv) 2% for the 150,001st bottle and beyond.

CUSTOMERS

During the Track Record Period, we derived our revenue primarily from our cooperation with Taiho Pharmaceutical and Lee's Pharm and our provision of CDMO and CMO services. See "— Collaboration with Strategic Business Partners" for details. We expect to generate revenue from the sales of TAB008 after we receive regulatory approval to launch this product.

In 2017, 2018 and the four months ended April 30, 2019, our five largest customers accounted for 100.0%, 98.9% and 99.0%, respectively, of our total revenues, and our largest customer accounted for 56.6%, 66.6% and 55.2%, respectively, of our total revenues. During the Track Record Period, none of our Directors, their respective associates or our Shareholders who, to the knowledge of our Directors, owns more than 5% of our issued share capital had any interest in any of the top five customers other than Lumosa Therapeutics, an associate of Centerlab.

RAW MATERIALS AND SUPPLIERS

Our suppliers primarily include suppliers of raw materials, CROs, suppliers of machinery and equipment, suppliers of reference drugs, and construction service providers. The raw materials used in the production process for our drug candidates primarily include reagents, cell culture media, chromatography resins, excipients, packaging materials and consumables, such as disposable bioreactors and buffer preparation bags. We procure raw materials based on our estimation of the production needs for our research and development activities. We obtain raw materials for our manufacturing activities from multiple reputable suppliers who we believe have sufficient capacity to meet our demands. We select suppliers of raw materials based on a number of factors, including their product quality, price, delivery time and manners, and market reputation, and follow the procedures and standards required by law or industry practice. We have also established internal procedure and policies to examine the quality of the products of the suppliers before entering into any contract with them. We typically order raw

materials on a purchase order basis and do not enter into long-term dedicated capacity or minimum supply arrangements. We pay for our purchases of raw materials on credit. Credit periods granted to us by our suppliers generally range from 30 to 90 days.

We utilize a comprehensive inventory management system that monitors each stage of the storage and handling process up to production. Our inventory management system records inventory data, such as inventory balance and validity period, and keeps track of inventory levels, enabling us to make adjustments whenever necessary. The system also allows us to categorize our inventory by its nature and better manage our key raw materials by reminding us when they reach a stock refill threshold. From time to time, we may also adjust inventory level using our best judgement and knowledge of regulatory updates and competitive dynamics.

During the Track Record Period, we also engaged certain CROs to conduct pre-clinical and clinical research. See "— Research and Development — Collaboration with CROs" for details.

We have implemented a set of standardized operating procedures relating to procurement that regulate procurement related behaviors. We have made clear instructions on issues of procurement process, contract execution and quality control, which assure a transparent procurement decision-making process and fix defects in our procurement process. According to our internal policy, our procurement department manages the procurement execution and supplier list based on the annual supplier performance evaluation. The procurement department also streamlines and optimizes the process of procurement management, monitor the implementation thereof.

For risks associated with our relationship with our suppliers, see "Risk Factors — Risks Relating to Our Business — Risks Relating to Our Reliance on Third Parties — We depend on a stable and adequate supply of quality materials and equipment for research and development and manufacturing, and price increases or interruptions of such supply could have an adverse impact on our business."

In 2017, 2018 and the four months ended April 30, 2019, the purchase amount from our five largest suppliers was RMB103.6 million, RMB118.7 million and RMB22.0 million, respectively, accounting for 52.2%, 44.4% and 35.6% of our total purchase costs, respectively. During the same periods, the purchase amount from our largest supplier was RMB62.9 million, RMB58.6 million and RMB9.9 million, respectively, accounting for 31.7%, 21.9% and 16.0% of our total purchase costs, respectively.

All of our top five suppliers during the Track Record Period are independent third parties. To the best knowledge of our Directors, none of our Directors or their associates holding more than 5% of our issued share capital or the existing Shareholders had any interests in any of our top five suppliers during the Track Record Period. During the Track Record Period, none of our suppliers was a major customer of ours and vice versa.

QUALITY MANAGEMENT SYSTEM

We have a comprehensive quality management system, comprising analytical development, quality control and quality assurance, that covers the entire research and development process and product lifecycle. The system possesses full in-house capability on assay development, raw material management, in-process testing, drug substance releasing, drug product releasing, stability study, and quality assurance such as equipment qualification and process validation. We believe that effective and efficient quality control is essential to (i) ensuring accurate and reliable pre-clinical studies and clinical

trial results for our drug candidates, (ii) facilitating favorable regulatory review and approval and (iii) achieving successful market reception for our drug candidates following commercialization.

As of the Latest Practicable Date, our quality management team led by Dr. Liu, Jun, our chief scientific officer consisted of over 74 dedicated employees, over 85% of whom had a bachelor's degree or above, including two with a Ph.D. degree and 11 with a master's degree. Our quality management team is responsible for ensuring regulatory compliance, such as preparing for NMPA inspections and audits and conducting GMP readiness assessments, and played a crucial role in driving the regulatory review process for our drug candidates. The team also inspects and audits our material suppliers and service providers on a regular basis. We also engage external experts, including former FDA officers, to evaluate, inspect and audit our quality management system and perform gap analysis based on international standards.

Quality Control for Raw Materials

We procure raw materials only from approved suppliers. All approved suppliers are selected by our procurement department, which conducts basic information checks and may carry out on-site quality audits on supplier candidates to ensure they comply with relevant requirements. We also review performance of our suppliers on an annual basis.

Quality Control during Production

Pursuant to our internal policy, we perform regular checks during our production process to monitor and adjust the process to ensure that products are in compliance with relevant quality criteria. We collect product samples and conduct sample trials to see if the quality standard is met. In addition, we conduct routine review of files used for clinical trials at the office of the CROs we engage as well as on-site quality control visits.

Quality Control for Finished Products

We have established quality control procedures for products that will proceed to commercialization in the future. Each batch of finished products will be subject to a final inspection by the quality management team before delivery.

SALES AND MARKETING

We have a professional and stable sales and marketing team established in 2011. See "History and Development — Corporate Development" for details. In each of 2017, 2018 and the four months ended April 30, 2019, our team had a retention rate of over 80%. As of the Latest Practicable Date, our sales and marketing team consisted of over 50 sales representatives and marketing professionals with a presence in over 20 provinces, municipalities and autonomous regions in China and access to over 450 hospitals, one third of which are Class IIIA hospitals. We plan to expand our sales and marketing team in anticipation of the upcoming commercialization of our drug candidates. We also plan to continue to actively participate in industrial conferences, academic seminars and other notable events to promote and maintain our brand. See "— Our Strategies — Strengthen our in-house sales and marketing force and commercial-scale manufacturing capacities" and "— Our Drug Candidates — Our Core Product — Commercialization Plans" for more details.

Our sales and marketing team is responsible for client relationship management and ensuring effective market coverage and penetration to meet anticipated demand for our drug candidates in their

respective regions and for the relevant indications. To that end, our sales and marketing team performs a wide array of functions, including (i) market analysis, such as research on competitive landscape, KOL engagement, pricing strategies formulation and market forecast analysis, (ii) product management, such as coordination with business partners on product promotion and sales, and (iii) market access, such as negotiation and communication with regulators and hospitals.

We put particular emphasis on the training of our sales representatives and junior managers. Our sales representatives are categorized into different levels based on their experience and capabilities to receive tailored mandatory trainings, which are also part of their promotion credentials. We target to provide each sales representative in-person tailored training sessions and periodical online training sessions every year.

We motivate our sales staff with financial, promotional and other incentives. Compensation of our sales staff is tied to various key performance indicators including, among others, completion of sales targets, period-to-period growth, sales contribution relative to other sales teams, as well as sales productivity, which compares sales achieved with resources used. To retain high-quality and experienced sales staff, we provide comprehensive training, guidance in career development and ample opportunities for internal promotion. The abovementioned key performance indicators, particularly those related to sales productivity, are also used to determine internal promotion.

LICENSES, PERMITS AND APPROVALS

The pharmaceutical industry in China is highly regulated. Pharmaceutical manufacturers are subject to regular inspections, examinations and audits and are required to maintain or renew requisite certificates, permits and approvals from the relevant government authorities to operate their businesses. See "Regulatory Overview — Relevant Laws and Regulations of the PRC" for more information. Our PRC Legal Advisor has advised us that, as of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from the relevant government authorities that are material for our business operations in China, and all such licenses, approvals and permits are within their respective effective periods. We had not experienced any material difficulty in renewing such licenses and permits during the Track Record Period and up to the Latest Practicable Date, and we currently do not expect to have any material difficulty in renewing them when they expire, if applicable. During the Track Record Period and up to the Latest Practicable Date, we had not been penalized by any government authorities for any non-compliance relating to maintenance and renewal of our material licenses, permits and approvals.

The following table sets forth details of our material licenses and permits:

License/Permit/Certificate	Holder	Purpose	Issuing Authority	Issuing/ Renewal Date	Expiry Date
Drug Production License (藥品生產許可證), 蘇20160196	TOT Suzhou	Production of tablets (including anti-tumor drugs), hard capsules (including anti-tumor drugs), and small-volume injections (anti-tumor drugs, non-terminal sterilization)	Jiangsu FDA	June 28,2019	December 31, 2020

License/Permit/Certificate	Holder	Purpose	Issuing Authority	Issuing/ Renewal Date	Expiry Date
Biosafety Laboratory Record Certificate (生物安全實驗室備案證書), SZ2018008	TOT Suzhou — Laboratory P2	Permission of Level BSL-2 Laboratory	Biosafety Laboratory of Jiangsu Health and Family Planning Commission	February 9, 2018	February 8, 2020
Customs import and export goods collection and consignor customs declaration registration certificate (中華人民共和國海關進出口貨物收發貨人報關註冊登記證書)	TOT Suzhou	Customs Clearance	Suzhou Industrial Park Customs	May 13, 2011	Permanently effective
Letter of Clinical trial sample production meeting GMP requirements (臨床試驗樣品生產符合GMP 要求的復函), 蘇食藥監藥注函[2018]18號	TOT Suzhou	Certificate of meeting the GMP requirement of Sprepamine tablets and temozolomide capsules	Jiangsu FDA	January 23, 2018	N/A
Drug Clinical Trial Approval (藥物臨床試驗批件), 2018L02958	TOT Suzhou	Clinical Trial Permission of the TAA013 for Injection	NMPA	August 15, 2018	August 15, 2021*
Drug Clinical Trial Approval (藥物臨床試驗批件), 2016L01456	TOT Suzhou	Clinical Trial Permission of TAB008 mAb Injection	NMPA	March 16, 2016	March 16, 2019*
Drug Clinical Trial Approval (藥物臨床試驗批件), 2017L04523	TOT Suzhou	Clinical Trial Permission of TAB014 mAb Injection	NMPA	July 28, 2017	July 28, 2020*
Drug Clinical Trial Approval (藥物臨床試驗批件), 2016L07552	TOT Suzhou	Clinical Trial Permission of TAD011 mAb Injection	NMPA	August 9, 2016	August 9, 2019*
Drug Clinical Trial Approval (藥物臨床試驗批件), 2016L08578	TOT Suzhou	Clinical Trial Permission of TOZ309 Temozolomide Capsule	NMPA	September 22, 2016	September 22, 2019*
Drug Clinical Trial Approval (藥物臨床試驗批件) 2016L08579	TOT Suzhou	Temozolomide Capsule	NMPA	September 22, 2016	September 22, 2019*

License/Permit/Certificate	Holder	Purpose	Issuing Authority	Issuing/ Renewal Date	Expiry Date
Food Distribution License (食品經營許可證), 32059400020170828004 2 (1/1)	TOT Suzhou	Sales of prepackaged food (excluding chilled food and frozen food)	Market Supervision Bureau of Suzhou Industrial Park	June 4 2019	August 27, 2022

* The expiry date of a drug clinical trial approval is the date before which the clinical trial may be commenced. We had commenced clinical trials before the expiry date of the relevant clinical trial approval.

INTELLECTUAL PROPERTY

We recognize the importance of intellectual rights to our business and are committed to the development and protection of our intellectual property rights.

As of the Latest Practicable Date, we had five invention patents and one utility model patent in China in relation to our research and development of innovative biologic and chemical drugs. As of the same date, we also had 13 pending invention patents and one pending utility model patent in China, one pending invention patent in Taiwan and three pending international patent applications under the Patent Cooperation Treaty, or PCT.

As of the Latest Practicable Date, we had registered 22 trademarks in China and 46 trademarks in Taiwan, and we had filed 23 trademark applications in China, 18 trademark applications in Hong Kong and six trademark applications in Taiwan. We are also the registered owner of three domain names in the PRC and two in Taiwan. We conduct our business under the brand name of TOT BIOPHARM (東曜藥業) in China.

We have also established internal intellectual property management policies to better manage our intellectual property portfolio. For details of our intellectual property management policy and related policies, see "— Risk Management and Internal Control" below. As of the Latest Practicable Date, we were not involved in any proceedings in respect of, and we had not received notice of any claims of infringement of, any intellectual property rights that may be threatened or pending, in which we may be a claimant or a respondent.

We also rely on trade secrets, proprietary know-how and continuing technological innovation to develop and maintain a competitive position for our products. We have generally entered into confidentiality agreements with employees of our research and development teams to protect our confidential information. Employees continue to have the obligation of confidentiality when no longer in service. We have also entered into non-competition agreements with members of our senior management that are in charge of our research and development.

As of the Latest Practicable Date, we had one granted patent and five pending patent applications in relation to our Core Product. The following table set forth certain information of our granted patents as of the Latest Practicable Date:

No.	Name of the Patent	Type	Patent Number	Country/ Region	Expiration Date[(2)]	Geographic Coverage
1.	Recombinant tumor vaccine and method of producing such vaccine	PCT	PCT/CN2011/ 076668	WIPO		Brazil, Canada, India, Japan, China
		Patent for invention	6193120	Japan	6/30/2031	Japan
2.	Mutant vaccinia virus strains, uses thereof and method of producing the same	PCT	PCT/CN2013/ 074028	WIPO		China, Hong Kong, China, Macau, Brazil, Europe, India, United States, Japan, Canada
		Patent for invention	201380075069.4	China	4/10/2033	China
		Macau extension	J/003528	Macau	4/10/2033	Macau
		Patent for invention	9765305	United States	6/12/2033	United States
		Patent for invention	6235697	Japan	4/10/2033	Japan
		Patent for invention	2909225	Canada	4/10/2033	Canada
3.	Human embryo lung transformed cell line for biological product production (用於生物製品生產的人胚肺轉化細胞系)	Patent for invention	200610030675.6	China	August 31, 2026	China
4.	Biomarker combination and its application (生物標記組合及其應用)	Patent for invention	200810215319.0	China	September 5, 2028	China

No.	Name of the Patent	Type	Patent Number	Country/ Region	Expiration Date[2]	Geographic Coverage
5.	Injection containing docetaxel compound and preparation method thereof (含多烯紫杉醇化合物的注射劑及其配製方法)	Patent for invention	200780101762.9	China	December 19, 2027	China
6.	Recombinant tumor vaccine and production method thereof (一種重組腫瘤疫苗及其生產方法)	Patent for invention	201180031875.2	China	June 30, 2031	China
7.	Laboratory oral solid preparation bottling device (實驗室用口服固體製劑裝瓶裝置)	Utility model	201720913149.8	China	July 26, 2027	China
8.	Detection method and application of biological activity of vascular endothelial growth factor (一種血管內皮生長因子生物學活性的檢測方法及應用)[1]	Patent for invention	201710632748.7	China	July 28, 2037	China

Notes:

(1) These patents are related to the research and development of TAB008, our Core Product.

(2) The registration of these patents are applied for through the procedure of PCT, and thus expiration date is not applicable.

The following table sets forth certain information of our pending patent applications in Taiwan as of the Latest Practicable Date:

No.	Name of the Patent	Type	Patent Number	Country/ Region	Application Date	Geographic Coverage
1.	Method of detecting back mutation in virus sample and kit for same	Patent for invention	105107933	Taiwan	3/15/2016	Taiwan

The following table sets forth certain information of our pending patent applications as of October 23, 2019:

No.	Name of the Patent	Type	Patent Number	Country/ Region	Application Date	Geographic Coverage
1.	Method of detecting back mutation in virus sample and kit for same	PCT	PCT/CN2016/076472	WIPO	3/16/2016	China
2.	Recombinant tumor vaccine and method of producing such vaccine	PCT	PCT/CN2011/076668	WIPO	6/30/2011	Brazil, Canada, India, Japan, China
		Patent for invention	BR112012033363-1	Brazil	6/30/2011	Brazil
		Patent for invention	2802768	Canada	6/30/2011	Canada
		Patent for invention	343/CHENP/2013	India	6/30/2011	India
3.	Mutant vaccinia virus strains, uses thereof and method of producing the same	PCT	PCT/CN2013/074028	WIPO	4/10/2013	China, Hong Kong, China, Macau, Brazil, Europe, India, United States, Japan, Canada
		Patent for invention	BR112015025697-0	Brazil	4/10/2013	Brazil
		Standard patent	15112499.4	Hong Kong	4/10/2013	Hong Kong
		Patent for invention	13881492.6	Europe	4/10/2013	Europe
		Patent for invention	6367/CHENP/2015	India	4/10/2013	India

No.	Name of the Patent	Type	Application No.	Application Date	Geographic Coverage
4.	Stable solid pharmaceutical composition containing water-soluble vinorelbine and preparation method thereof (包含水溶性長春瑞濱的穩定的固體藥物組合物及其製備方法)	Patent for invention	201410323909.0	7/8/2014	China
5.	Temozolomide pharmaceutical composition and preparation method and application thereof (一種替莫唑胺藥物組合物及其製備方法和應用)	Patent for invention	201710633102.0	7/28/2017	China
6.	Medicine composition for treating tumor and preparation method and application thereof (一種治療腫瘤的藥物組合物及其製備方法和應用)	Patent for invention	201710623181.7	7/27/2017	China
7.	Laboratory oral solid preparation bottling device (實驗室用口服固體製劑裝瓶裝置)	Patent for invention	201710617256.0	7/26/2017	China
8.	ELISA detection method for FcRn receptor (一種FcRn受體的ELISA檢測方法)[1]	Patent for invention	201710616108.7	7/26/2017	China
9.	ELISA detection method for FcγRI receptor (一種FcγRI受體的ELISA檢測方法)[1]	Patent for invention	201710616069.0	7/26/2017	China
10.	ELISA detection method of FcγRII receptor (一種FcγRII受體的ELISA檢測方法)[1]	Patent for invention	201710616081.1	7/26/2017	China
11.	ELISA detection method of FcγRIIIA receptor (一種FcγRIIIA受體的ELISA檢測方法)[1]	Patent for invention	201710616063.3	7/26/2017	China
12.	High-concentration nimotuzumab preparation for subcutaneous or intramuscular injection and preparation method and application thereof (一種用於皮下或肌肉注射的高濃度尼妥珠單抗製劑及其製備方法和應用)	Patent for invention	201711401765.6	12/22/2017	China
13.	Syringe and auxiliary dosing device for syringe (注射器以及用於注射器的輔助定量裝置)	Patent for invention	201811168237.5	10/8/2018	China
14.	Method of detecting back mutation in virus sample and kit for same (檢測病毒樣品中回復突變的方法和用於該方法的試劑盒)	Patent for invention	201510115042.4	3/17/2015	China

No.	Name of the Patent	Type	Application No.	Application Date	Geographic Coverage
15.	Method of cell amplification in large-scale production of monoclonal antibodies or recombinant proteins (單抗或重組蛋白大規模生產中細胞擴增的方法)(1)	Patent for invention	201910996185.9	10/18/2019	China
16.	Preparation and application of antibody-cytotoxic drug conjugates (抗體高活性細胞毒小分子藥物偶聯藥物及製備和應用)	Patent for invention	201911009296. 2	10/23/2019	China
17.	Syringe and auxiliary dosing device for syringe (注射器以及用於注射器的輔助定量裝置)	Utility model	201821629551.4	10/8/2018	China

Note:

(1) These pending patent applications are related to the research and development of TAB008

For further details of our intellectual property rights, see "Statutory and General Information — B. Further Information about Our Business — 2. Key Intellectual Property Rights of Our Group" in Appendix V to this prospectus.

COMPETITION

The regional and global biologics industries, and the pharmaceutical industry generally, are highly competitive. We face competition with respect to our current drug candidates, and will face competition with respect to any drug candidates that we may seek to develop or commercialize in the future, from pharmaceutical and biotechnology companies worldwide. There are a number of large pharmaceutical and biotechnology companies that currently market and sell drugs or are pursuing the development of drugs for the treatment of diseases for which we are developing our drug candidates. 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. For the competitive landscape with respect to our Core Product, see "— Our Drug Candidates — Our Core Product — Market Opportunity and Competition" for details.

We expect to compete primarily based on our ability to identify and address new or underserved treatment needs. We believe our continued success will depend on our capabilities to (i) develop innovative products and advanced technology; (ii) expand our product portfolio; (iii) attract and retain talented personnel; and (iv) maintain high quality standards.

AWARDS AND RECOGNITIONS

The following table sets forth a selection of the awards and recognitions we have received:

Year of Grant	Award/Recognition	Issuing Authority
2019	2018 Annual Economic Contribution Award (Product Innovation) (2018年度經濟貢獻突出獎(產品創新))	Suzhou Industrial Park Management Committee
2019	2018 Annual Economic Contribution Award (Making Use of Foreign Capital) (2018年度經濟貢獻突出獎(利用外資))	Suzhou Industrial Park Management Committee
2019	Jiangsu Zifeng Award for Technological Innovation Enterprises (江蘇省紫峰獎(科技創新企業))	Jiangsu Provincial Government
2019	Exemplary Case of Corporate Social Responsibility (蘇州工業園區企業社會責任建設"優秀案例")	Management Committee of Suzhou Industrial Park Working Committee
2018	Jiangsu Key Research and Development Program (江蘇省重點研發計劃)	Science and Technology Department of the Jiangsu Provincial Government
2018	Jiangsu Engineering Technology Research Center (江蘇省工程技術研究中心)	Science and Technology Department of the Jiangsu Provincial Government
2018	Jiangsu Province Natural Science Foundation grantee (江蘇省自然科學基金)	Science and Technology Department of Jiangsu Province
2018	Suzhou Incubated Unicorn Company (蘇州獨角獸培育企業)	Suzhou Municipal Government
2018	Gazelle Company of the Sunan National Innovation Park (蘇南國家自主創新示範區瞪羚企業)	Sunan National Innovation Park
2018	Gazelle Company of Suzhou (蘇州市瞪羚企業)	Suzhou Science and Technology Bureau

Year of Grant	Award/Recognition	Issuing Authority
2018	Science and Technology Research and Development Outstanding Contribution Award, Suzhou Industrial Park (蘇州工業園區科技研發突出貢獻獎)	Suzhou Industrial Park Management Committee
2017	Jiangsu Foreign Research and Development Center (江蘇省外資研發中心)	Department of Commerce of Jiangsu Province
2017	Top 10 Socially Responsible Enterprises, Suzhou Industrial Park (蘇州工業園區最具社會責任感企業)	Management Committee of Suzhou Industrial Park Working Committee (蘇州工業園區工委管委會)
2017	2017 Outstanding Economic Contribution Award (2017年度經濟貢獻突出企業)	Suzhou Industrial Park Management Committee
2014, 2017	National High-Tech Enterprise (國家高新技術企業)[1]	Science and Technology Department of Jiangsu Province
2013	Tumor Gene Therapy Drug Engineering Technology Research Center (腫瘤基因治療藥物工程技術研究中心)	Suzhou Science and Technology Bureau

Note:

[1] Valid for a three-year period

INSURANCE

We maintain property insurance coverage to cover our property, facilities, electronic equipment and inventories from claims arising from a wide range of natural disasters and accidents. In addition, we carry various other kinds of insurance, including third party liability insurance for special vehicles and commercial medical insurance for our employees. However, we currently do not carry liability insurance to cover liability claims that may arise from the incidents or adverse events following our products or drug candidates, nor do we maintain any business interruption insurance. See "Risk Factors — Risks Relating to Our Operations — We have limited insurance coverage, which could expose us to significant costs and business disruption". In the future, to the extent that any of the foregoing types of insurances becomes mandatory due to changes of law or other reasons, we will acquire such insurance in compliance with law. Although our existing insurance policies do not protect us against all contingencies, our Directors believe our insurance protection is reasonable in light of the nature and scope of our operations.

EMPLOYEES

We strive to build up and maintain a strong team of employees. Our recruiting policy emphasizes the importance of attracting competent employees through a combination of competitive salaries,

performance-based bonuses, enterprise annuity, on-the-job training and opportunities for development. As of the Latest Practicable Date, we had a total of 325 employees, 321 of whom were based in China or both China and Taiwan and four in Taiwan. The following table sets forth a breakdown of our employees by function as of the Latest Practicable Date:

Function	Number	% of total
Research and development*	187	57.54%
Manufacturing	39	12.00%
Sales and marketing	59	18.15%
Accounting and administration	40	12.31%
Total	325	100.0

* Includes quality management and engineering personnel

We enter into employment contracts with employees that set forth terms on salaries, bonuses, grounds for termination, confidentiality and non-competition. We recruit employees through a variety of channels, including campus job fairs, recruitment websites and internal referrals. We believe our success depends upon our employees' provision of consistent, quality and reliable services. See "Risk Factors — Risks Relating to Our Operations — Our success depends on the ability to retain our research and development, manufacturing, clinical trial and sales and marketing team and other key executives, and to attract, train, retain and motivate qualified and highly skilled personnel" for further details.

Our employees have established a labor union. During the Track Record Period and up to the Latest Practicable Date, we had complied with labor laws and regulations and had not experienced any strikes or significant labor disputes which have materially affected our operations.

In accordance with applicable PRC laws, we have made contributions to social security insurance funds, including basic pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, and housing provident funds for our employees. See "— Legal Proceedings and Compliance" for certain incompliance incident in this regard. In accordance with applicable Taiwan laws, we have made contributions to social security insurance funds (劳健保).

As of the Latest Practicable Date, we did not have any dispatched workers.

Training and Development

We place significant emphasis on staff training and development. We invest in continuing education and training programs for our management staff, sales personnel and other employees to enhance their knowledge and capabilities. We provide orientation for new employees and regular trainings to existing employees, covering various aspects of our business, including environment, health and safety (EHS), good manufacturing practices (GMP) and professional and management skills. Our trainings are offered in a variety of forms, such as online courses and presentations by internal or external speakers. We also provide regular training on latest technological development and updates in regulatory requirements. We believe that these initiatives have contributed to increased employee productivity.

PROPERTY

We occupy certain properties in China and Taiwan in connection with our business operations. These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. They mainly include premises for our offices, factories and warehouses.

Owned Properties

As of the Latest Practicable Date, we owned and occupied one parcel of land with a total site area of 49,849.04 sq.m. in Suzhou, for which we have obtained the land use right certificate. As of the same date, we owned two campuses of facilities in Suzhou and one office unit in Shanghai with a total gross floor area of 22,904.09 sq.m, for which we have obtained the relevant property owner certificates. We primarily use these properties for operational and office purposes. The following table summarizes the properties we owned as of the Latest Practicable Date:

Location	Use of Property	Gross Floor Area
		(sq.m.)
No. 1 Campus, 120 Changyang Street, Suzhou Industrial Park	Industrial	9,720.57
No. 2 Campus, 120 Changyang Street, Suzhou Industrial Park	Industrial	12,903.84
Room 806, Great Wall Building, No. 3000 Zhongshan North Road, Putuo District, Shanghai	Office	279.68

Our Directors confirm that none of the properties held by us has any material encumbrances, environmental issues, litigation, breaches or defects.

The property valuation report from JLL, set out in Appendix III to this prospectus, sets forth details of our property interests at the Suzhou Production Center as of August 31, 2019. JLL valued these property interests at an amount of RMB110.4 million as of August 31, 2019. Except for the property interests set forth in the property valuation report from JLL, no single property interest that forms part of our non-property activities had a carrying amount representing 15% or more of our total assets as of April 30, 2019.

Leased Properties

As of the Latest Practicable Date, we leased five office units in Beijing, Shanghai and Taipei, respectively, with a total gross floor area of 837.88 sq.m. primarily for office or Industrial and Commercial registration purposes. Among these leased properties, we have not been able to obtain from the respective lessor of the leased property located at 3 floor, No.665 Zhangjiang Road, China (Shanghai) Pilot Free Trade Zone, Realty Services Room 229, Meilan Park, Pharmaceutical High-Tech Zone, Taizhou, Jiangsu Province and 4 floor, No. 3-2, Park Street, Nangang District, Taipei, Taiwan,

respectively, a valid property ownership certificate, and the other properties were leased from lessors who were able to provide valid property ownership certificates.

Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, the lease agreements for the properties we leased in Beijing, Taizhou and Shanghai had not been registered with the relevant government authorities. Our PRC Legal Advisor has advised us that the lack of registration will not affect the validity of lease agreements or materially and adversely affect our business and operation. See "Risk Factors — Risks Relating to Our Operations — There are legal defects regarding some of our leased properties" for further details. Our Directors confirm that we are using the leased properties in accordance with the lease agreements. During the Track Record Period, we did not experience any dispute arising out of our leased properties.

ENVIRONMENTAL MATTERS

Our business is subject to state and local environmental laws. Under the Environmental Protection Law of the PRC, the Environmental Protection Bureau of the PRC sets the environmental protection standards at the national level while regional environmental protection bureaus may impose more stringent standards. The relevant PRC laws and regulations require any entity operating a facility that produces pollutants or other hazards to adopt environmental protection measures in its operations and to establish an environmental protection responsibility system, which must adopt effective measures to control and properly dispose of waste gases, waste water, waste residue, dust or other waste materials. New construction, expansion or reconstruction projects and other installations that directly or indirectly discharge pollutants to the environment are subject to relevant regulations governing environmental protection for such projects. Entities undertaking such projects must perform its obligations to carry out environmental impact assessment and submit environmental impact statement or environmental impact report in accordance with legal provisions to the competent authorities for examination. The facilities for prevention and control of pollutants are required to be designated, constructed and put into use or operation simultaneously with the main part of a construction project. See "Regulatory Overview — Relevant Laws and Regulations of the PRC — Environmental Protection" for details of the PRC environmental laws and regulations we are subject to.

Our production facilities discharge pollutants primarily consisting of waste water and air pollutants. Waste water is first treated by our sewage treatment station before being discharged to municipal pipes connected to wastewater treatment plants. The air pollutants are produced in burning of light diesel oil in boilers and are discharged into the atmosphere through a chimney in compliance with the applicable discharge standards. We have also implemented waste treatment and disposal procedures for hazardous wastes and engaged qualified waste management institutions to handle hazardous wastes. In addition, we have implemented in all new constructions environmental impact evaluations and established facilities to prevent pollution, as required by the PRC environmental protection law.

In 2017, 2018 and four months ended April 30, 2019, our expenditure in relation to environmental compliance matters were RMB2.9 million, RMB1.0 million and RMB0.4 million, respectively. We do not expect such expenses for the rest of 2019 to change significantly from April 30, 2019.

Our PRC Legal Advisor is of the view that, during the Track Record Period, there was no administrative penalty in respect of material violations of regulations in relation to environmental protection in PRC against us.

HEALTH AND WORK SAFETY

We are required to maintain work safety and protect the occupational health of our employees under PRC laws and regulations. Our environmental safety and health division is responsible for work safety and occupational health matters. In order to ensure that our operations are in compliance with the applicable laws and regulations, we have established policies and procedures covering a wide range of areas, such as occupational health, management of labor protection equipment, assessment of safety and health risks, management of specialized equipment, management of dangerous articles and hazardous materials, work-related injury reporting and investigation procedures, accident emergency reaction plans and safety procedures for special operations. In addition, we have implemented measures to address potential risks relating to health and work safety. These measures include continuous employee trainings to enhance our employees' awareness of health and work safety issues and skills to comply with safety and operation standards, requirements that all our employees operating specialized equipment must have the requisite certifications, timely provision of protection equipment to our employees, periodic inspection of our operational facilities, special health examinations for employees who may have contact with hazards at work, medical examination and vaccination for employees who work in the production facilities, and establishment of procedures to appropriately handle work safety incidents.

In 2017, 2018 and the four months ended April 30, 2019, our expenses in relation to health and work safety matters were RMB0.2 million, RMB0.3 million and RMB0.1 million, respectively. During the Track Record Period, we did not experience any material health and work safety incident or receive any administrative penalties for violating laws and regulations in relation to health and work safety in the course of our operations.

RISK MANAGEMENT AND INTERNAL CONTROL

We have a series of internal control policies, procedures and plans that are designed to reasonably assure effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Our Audit and Connected Transactions Review Committee and general management division are primarily responsible for overseeing the implementation of our internal control policies and procedures and financial reporting system, as well as rectification of any deficiencies. See "Directors and Senior Management" for details on the experience and qualifications of members of our Audit and Connected Transactions Review Committee.

We have adopted various internal control policies, measures and procedures to bolster our objectives of efficient operations, reliable financial reporting and compliance with applicable laws and regulation, including anti-bribery and anti-corruption laws. Such policies, measures and procedures include, among others, our code of conduct for employees, intellectual property management policy, whistleblowing policy, related party transactions management policy, and standardized operating procedures relating to procurement that regulate procurement related behaviors. The key principles adopted by the Group in its intellectual property management policy and whistleblowing policy are set forth below.

Intellectual Property Management Policy

The Group's internal intellectual property management policy covers (i) patent registration, (ii) global patent filing strategy, (iii) detection of, and reaction to, intellectual property infringements, (iv) transfer and acquisition of intellectual properties, (v) leakage, unauthorized transfer or loss of intellectual properties and maintenance, and (vi) protection and disclosure of intellectual property related information.

When a transfer (including in the form of licensing, disposition or acquisition) of intellectual property occurs, a cost versus benefit assessment shall be performed to ensure the transfer of intellectual property is in the best interest of the Group. The assessment result and the transfer (including in the form of licensing, disposition or acquisition) of intellectual property should be approved by the Board.

Any identified leakage or unauthorized transfer of intellectual properties is escalated to the Board to determine the required actions. To protect the Group's intellectual property rights, confidential agreements or non-disclosure agreements shall be entered into with the relevant employees and the third parties, such as counterparties in CMO, CDMO, license-in and licence-out transactions, prior to sharing any confidential information externally.

Whistleblowing Policy

The Group's Whistleblowing Policy sets out the available reporting channels, investigation process on the misconduct, malpractice and irregular behaviours or actions within the Group. The Group's Audit and Connected Transactions Review Committee reviews each report received and determines the investigation process. If there is evidence of criminal activity, activity on solicitation and acceptance of advantages or breach of legal and regulatory requirements, the Group's legal advisors may be legally obliged to inform the relevant public or regulatory bodies. All reports are treated in a strictly confidential manner.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be involved in legal proceedings arising in the ordinary course of our operations.

As of the Latest Practicable Date, we were not aware of any actual or threatened material litigations, arbitrations or claims against us, or involvement in any material litigations, arbitrations or claims pending or, to our knowledge, threatened against any of the Directors that could have a material adverse effect on our business, financial condition or results of operations.

Non-Compliance Matters

During the Track Record Period and up to the Latest Practicable Date, we had complied with applicable laws and regulations in China and other jurisdictions in which we operate in all material aspects. In addition, we have established and implemented robust internal control policies and procedures to ensure the on-going compliance with applicable laws and regulations by our Company, our Directors and our senior management. Our Directors are of the view that we have established reasonable internal control policies and procedures to minimize the occurrences of non-compliance incidents.

The following table sets forth our non-compliance incidents under the relevant PRC laws and regulations during the Track Record Period and up to the Latest Practicable Date, and the rectification measures we have taken in response to these incidents:

Non-compliance Incidents	Reasons for the non-compliance	Legal consequences and potential maximum penalties	Remedies and rectification measures taken
TOT Suzhou failed to make contributions to the social insurance and housing provident funds for certain employees in full amount as required by the PRC government ("**Incident #1**"). TOT Suzhou failed to make contributions to the social insurance for some of its Taiwanese employees as required by the PRC government before June 2019 ("**Incident #2**").	These non-compliance incidents occurred primarily due to inadvertent oversight of the relevant PRC laws and regulations, the implementation of which varies from city to city.	(1) with respect to social insurance contributions Our PRC Legal Advisers have advised us that, under PRC laws and regulations, TOT Suzhou might be subject to late fees and fines for not making social insurance contributions in full amount in a timely manner. If any competent government authority is of the view that the social insurance payments TOT Suzhou made for its employees do not satisfy the requirements under relevant PRC laws and regulations, TOT Suzhou might be ordered to pay the unpaid amount within a certain period and a late fee that equals to 0.05% of the total unpaid amount per day. If TOT Suzhou fails to pay the unpaid amount and the late fee within a prescribed time limit, TOT Suzhou may be subject to a fine ranging between one to three times of the total unpaid amount of the social insurance fund contribution.	TOT Suzhou has received no administrative penalties in respect of social insurance and housing provident fund contributions from the competent authorities. During the Track Record Period, TOT Suzhou has obtained written confirmations, from the local social insurance authority and the housing provident fund authority, respectively, stating that no administrative penalty has been imposed on TOT Suzhou. We are advised by our PRC Legal Advisers that the relevant written confirmations were issued by the competent authorities.

Non-compliance Incidents	Reasons for the non-compliance	Legal consequences and potential maximum penalties	Remedies and rectification measures taken
		(2) with respect to housing provident fund contributions Our PRC Legal Advisers have advised us that, in the event that TOT Suzhou fails to pay the housing provident fund in full amount, the housing provident fund administrative center may order us to pay the unpaid amount within a prescribed time limit; if TOT Suzhou failed to follow such order, further application could be made to the People's Court for compulsory enforcements. Please see "Risk Factors — Risks Relating to Our Operations — We may be required to make additional contributions of social insurance fund and/or housing provident fund and late payments and fines under PRC national laws and regulations".	Our PRC Legal Advisers are of the view that the risk of TOT Suzhou to be fined is remote provided that TOT Suzhou pays the unpaid amount for social insurance and house provident funds in full amount in a timely manner upon receiving orders to rectify such non-compliance from the competent PRC authorities. We have adopted the following measures: As to Incident #1, we estimate that the total deficiency amounted to RMB0.8 million, RMB0.7 million and RMB0.1 million in 2017, 2018 and the four months ended April 30, 2019, respectively. TOT Suzhou has rectified the basis for the social insurance and housing provident fund contributions for all of its PRC employees since January 1, 2019. In addition, TOT Suzhou plans to make the required contributions to social insurance and housing provident funds itself for all of its PRC employees as soon as reasonably practicable upon receiving the rectification orders from the competent PRC authorities. As to Incident #2, we estimate that the total deficiency amounted to RMB0.7 million, RMB0.9 million and RMB0.2 million in 2017, 2018 and the four months ended April 30, 2019, respectively. We have obtained waivers from our relevant Taiwanese employees for such deficiency as we have been providing similar benefit in Taiwan in lieu of such benefit in the PRC. Since June 2019, we have made contributions to the social insurance for all of TOT Suzhou's Taiwanese employees as required by the PRC government.

OVERVIEW

Prior to the Listing, we have entered into a number of continuing agreements and arrangements in our ordinary and usual course of business with Centerlab and certain entities which were subsidiaries of Centerlab at the time of entering into such agreements and arrangements. Centerlab is a Controlling Shareholder of the Company and thus members of Centerlab Group are our connected persons. See "Relationship with Centerlab" for details. Following the Listing, our transactions with Centerlab are expected to continue and will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Furthermore, Dr. Liang, Min (梁旻博士) ("**Dr. Liang**"), a former Director of the Company who resigned from his last directorship with members of our Group effective as of March 12, 2019, is and will be our connected person pursuant to Rule 14A.07(2) of the Listing Rules until March 11, 2020. A consultancy agreement was entered into with Dr. Liang which is expected to continue after the Listing and will therefore constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules from the Listing Date until March 11, 2020.

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

As the highest of the applicable percentage ratios (other than the profits ratio) calculated pursuant to Rules 14A.77 and 14A.78 of the Listing Rules (the "**Percentage Ratios**") in respect of each of the following transactions is expected to be less than 5% and the total consideration is expected to be less than HK$3,000,000, each of the following transactions is exempt from the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. Office Lease Agreement

As of the date of this prospectus, we have entered into an office lease agreement with Centerlab to lease certain office space and parking lots in Taipei, Taiwan for our office purpose. TOT Taipei shall pay Centerlab a monthly rent of NT$226,000 (approximately HK$57,992). The term of the office lease agreement commenced on February 1, 2016 and will expire on January 31, 2021. Accordingly, the remaining term of this office lease agreement is less than three years. The lease agreement is on normal commercial terms and was entered into in the ordinary and usual course of our business.

2. Framework Intellectual Property Licence Agreement

On October 25, 2019, the Company and Centerlab entered into a framework agreement in respect of the licensing of intellectual property rights owned by Centerlab. The term of such agreement is three years, pursuant to which we may from time to time in-license intellectual property and technologies from Centerlab Group for the purpose of developing new drugs and in return we will agree to pay certain fees, royalty and other payments to Centerlab Group. During the term of the framework agreement, we and members of Centerlab Group may negotiate on an arm's-length basis and enter into specific intellectual property license agreements for specific technologies which provide for specific terms and conditions but within the limitations of this framework intellectual property license agreement. The license fees chargeable to us will be determined by relevant parties through arm's length negotiation with reference to (to the extent available) (i) the nature and value of the relevant technologies; (ii) market potential of the relevant drugs being developed; and (iii) pricing we have with Independent Third Party business partners for similar technologies.

The technologies licensed and to be licensed under the framework intellectual property license agreement are and will be typically related to individual generic drug(s) and may include raw materials, formulae, bottle design specifications, analytical methods, quality standards, manufacturing processes and other proprietary information, which have been initially devised by Centerlab Group and are utilized by us for the further development of the relevant generic drug(s). As of the Latest Practicable Date, the only specific agreement falling within the scope of the framework intellectual property license agreement was the joint development agreement between us and Centerlab in relation to the development, manufacturing and distribution of TOM312, a generic drug. See "Business — Collaboration with Strategic Business Partners — Collaboration with Centerlab" for details. The Company may from time to time evaluate the possibility of further in-licensing intellectual property and technologies from Centerlab Group in respect of generic drugs other than TOM312, but at present has not identified any such drug candidate for this purpose.

The framework intellectual property license agreement is on normal commercial terms and was entered into in the ordinary and usual course of our business. The Directors do not expect the transaction amount under the framework intellectual property license agreement in any year of 2019, 2020 or 2021 (i) to exceed HK$3,000,000; or (ii) to cause any of the Percentage Ratios in respect of the agreement to exceed 5%.

If any of the aforesaid annual transaction amounts or Percentage Ratios exceeds the applicable de minimis thresholds stipulated in Rule 14A.76(1) of the Listing Rules, the Company will comply with all applicable requirements under Chapter 14A of the Listing Rules.

The Directors believe that the significance of intellectual property and technologies licensed and to be licensed from Centerlab Group to us is very limited, and therefore we will continue to be able to operate independently of Centerlab Group in respect of our R&D capabilities, based on the following reasons: (i) our Group specializes in developing and commercializing innovative drugs and therapies, while Centerlab primarily manufactures and sells generic drugs; (ii) as explained above, the existing and future arrangements under the framework intellectual property license agreement are and will be insignificant in terms of both the number of drugs and the transaction amounts; and (iii) as explained in "Relationship with Centerlab — Independence from Centerlab and Mr. Lin, Jung-Chin — Operational Independence", all the R&D capabilities of our Group have been developed independently of Centerlab and will remain independent from Centerlab.

3. Framework Contract Manufacturing Agreement

On October 25, 2019, the Company and Centerlab entered into a framework contract manufacturing agreement for a term of three years, pursuant to which we may from time to time outsource to Centerlab Group drug productions and in return we will agree to pay Centerlab Group for the production, procurement and other ancillary expenses. During the term of this framework contract manufacturing agreement, we and members of Centerlab Group may negotiate on an arm's-length basis and enter into specific contract manufacturing agreements for specific products which provide for specific terms and conditions but within the limitations of the framework contract manufacturing agreement. The fee chargeable to us will be determined by relevant parties through arm's length negotiation with reference to (to the extent available) (i) the nature of the relevant contract manufacturing services; (ii) the cost and expenses of the provision of services; and (iii) a reasonable profit margin with reference to the reported profitability of Independent Third Party contract manufacturing organizations.

As of the Latest Practicable Date, the only specific agreement falling within the scope of the framework contract manufacturing agreement was the joint development agreement between us and Centerlab in relation to the development, manufacturing and distribution of TOM312, a generic drug. See "Business — Collaboration with Strategic Business Partners — Collaboration with Centerlab" for details. The Company may from time to time evaluate the possibility of further outsourcing drug productions to Centerlab Group in respect of drugs other than TOM312, but at present has not identified any such drug candidate for this purpose.

The framework contract manufacturing agreement is on normal commercial terms and was entered into in the ordinary and usual course of our business. The Directors do not expect the transaction amount under the framework contract manufacturing agreement in any year of 2019, 2020 or 2021 (i) to exceed HK$3,000,000; or (ii) to cause any of the Percentage Ratios in respect of the agreement to exceed 5%.

If any of the aforesaid annual transaction amounts or Percentage Ratios exceeds the applicable de minimis thresholds stipulated in Rule 14A.76(1) of the Listing Rules, the Company will comply with all applicable requirements under Chapter 14A of the Listing Rules.

4. Framework Drug Development Agreement

On October 25, 2019, the Company and Centerlab entered into a framework drug development agreement for a term of three years, pursuant to which Centerlab Group may from time to time commission us to develop certain drugs and produce samples and research reports necessary for clinical trials and drug registrations and in return Centerlab Group will agree to pay us for the research, production and other ancillary expenses. During the term of this framework drug development agreement, we and members of Centerlab Group may negotiate on an arm's-length basis and enter into specific drug development agreements for specific products which provide for specific terms and conditions but within the limitations of this framework drug development agreement. The fee chargeable by us will be determined by relevant parties through arm's length negotiation with reference to (to the extent available) (i) the nature of drug development services to be provided; (ii) the cost and expenses of the provision of such services; and (iii) a reasonable profit margin with reference to our pricing terms when we are commissioned by Independent Third Party pharmaceutical companies to provide comparable services.

The framework drug development agreement is on normal commercial terms and was entered into in the ordinary and usual course of our business. The Directors do not expect the transaction amount under the framework contract development and manufacturing agreement in any year of 2019, 2020 or 2021 (i) to exceed HK$3,000,000; or (ii) to cause any of the Percentage Ratios in respect of the agreement to exceed 5%.

If any of the aforesaid annual transaction amounts or Percentage Ratios exceeds the applicable de minimis thresholds stipulated in Rule 14A.76(1) of the Listing Rules, the Company will comply with all applicable requirements under Chapter 14A of the Listing Rules.

5. Consultancy Agreement with Dr. Liang

The Company entered into a consultancy agreement with Dr. Liang effective as of March 31, 2019, pursuant to which Dr. Liang agreed to provide the Company with certain professional advice and technical support services in respect of the research and development process, new drug applications and clinical trials of TVP211, an oncolytic virus drug in the pre-clinical development stage. In return, the Company shall pay Dr. Liang a monthly consultancy fee of RMB20,000 (approximately HK$22,178).

Furthermore, in respect of any technologies and products derived from certain patents developed with Dr. Liang's efforts, the Company shall pay Dr. Liang (i) 3% of any license fee, royalty, milestone payment or similar fee received by our Group in relation to the out-license or transfer of such technologies and products to third parties; and (ii) 1% of any amount received by our Group in relation to the sale of such technologies and products to third parties. As of the Latest Practicable Date, no drug candidate using patents developed with Dr. Liang's efforts has been approved, and the Company further confirms that none will be approved before March 11, 2020.

The consultancy agreement is on normal commercial terms and was entered into in the ordinary and usual course of our business. The consultancy agreement will cease to be a continuing connected transaction on March 12, 2020. The Directors do not expect the payments under the consultancy agreement prior to such date (i) to exceed HK$3,000,000; or (ii) to cause any of the Percentage Ratios in respect of the consultancy agreement to exceed 5%.

OUR DIRECTORS

Our Board of Directors consists of nine Directors, comprising two executive Directors, four non-executive Directors, and three independent non-executive Directors.

The table below sets forth certain information in respect of our Directors:

Name	Age	Position	Date of Joining the Group	Date of Appointment as a Director	Roles and Responsibilities
Executive Directors					
Ms. Yeh-Huang, Chun-Ying (黃純瑩女士)	60	Executive Director and general manager	July 5, 2010	January 19, 2016	In charge of the overall strategic direction management and operation of the Group and being a member of the Strategy Committee
Dr. Liu, Jun (劉軍博士)	52	Executive Director, chief scientific officer and vice general manager	October 17, 2016	October 26, 2018	In charge of the quality control of biological drug candidates, responsible for analytical method development, quality control and quality assurance relating to biological drugs projects and being a member of the Strategy Committee
Non-executive Directors					
Mr. Fu, Shan (付山先生)	51	Chairman of the Board and Non-executive Director	January 19, 2016	January 19, 2016	Performing his duties as the chairman of the Board and chairman of the Nomination Committee and Strategy Committee
Dr. Kung, Frank Fang-Chien (孔繁建博士)	71	Non-executive Director	January 19, 2016	January 19, 2016	Performing his duties as a member of the Board
Mr. Kang, Pei (康霈先生)	61	Non-executive Director	January 11, 2011	January 11, 2011	Performing his duties as the member of the Remuneration Committee
Mr. Qiu, Yu Min (裘育敏先生)	46	Non-executive Director	September 26, 2018	September 26, 2018	Performing his duties as a member of the Audit and Connected Transactions Review Committee

Name	Age	Position	Date of Joining the Group	Date of Appointment as a Director	Roles and Responsibilities
Independent Non-executive Directors					
Ms. Hu, Lan (胡蘭女士)	48	Independent Non-executive Director	March 12, 2019	March 12, 2019	Performing her duties as the chairlady of the Audit and Connected Transactions Review Committee, and a member of the Nomination Committee
Dr. Sun, Lijun Richard (孫利軍博士)	56	Independent Non-executive Director	March 12, 2019	March 12, 2019	Performing his duties as a member of the Remuneration Committee, the Nomination Committee, and Strategy Committee
Mr. Chang, Hong-Jen (張鴻仁先生)	63	Independent Non-executive Director	March 12, 2019	March 12, 2019	Performing his duties as the chairman of the Remuneration Committee, a member of the Strategy Committee and a member of the Audit and Connected Transactions Review Committee

Executive Directors

Ms. Yeh-Huang, Chun-Ying (黃純瑩女士), aged 60, joined the Group on July 5, 2010 and was appointed as an executive Director on January 19, 2016. She currently serves as an executive Director and the general manager of the Company. She is also a member of the Strategy Committee. Ms. Yeh-Huang oversees the Group's overall strategic direction and various aspects of the Company's operations and management, including human resources, business development, internal coordination and external communication with regulators and business partners.

From April 1986 to December 2015, Ms. Yeh-Huang worked at TTY Biopharm, during which she became an executive vice president of the oncology science business development unit in April 2011. As the head of TTY Biopharm's oncology science business development unit, she was responsible for product development, clinical research, marketing and sales. She also managed cancer translation centers and medical academies and was responsible for the expansion of oncology science business market construction and team management in China and Vietnam. She was a pharmacist of Taipei Veterans General Hospital from July 1983 to August 1985.

Ms. Yeh-Huang obtained a bachelor's degree in pharmacy from Taipei Medical University in Taiwan in June 1982. She obtained her Taiwan license of pharmacist in June 1983.

Dr. Liu, Jun (劉軍博士), aged 52, joined the Group on October 17, 2016 as a vice general manager and was appointed as an executive Director on October 26, 2018 and chief scientific officer on March 12, 2019. He is responsible for quality control of biological drug candidates and analytical method development.

Prior to joining the Group, Dr. Liu, Jun was the executive director of biologics research and development department in Shanghai ChemPartner Co., Ltd. between July 2010 and October 2016. Prior to that, he was employed by Bayer US LLC between April 2005 and July 2010 working with Bayer Healthcare as a senior scientist in the United States.

Dr. Liu, Jun obtained a Ph.D. in bioanalytical chemistry from the University of California, Davis in the United States in December 2002 and a bachelor's degree in chemistry from the University of Science & Technology of China in Hefei, Anhui Province, the PRC in July 1991.

Non-Executive Directors

Mr. Fu, Shan (付山先生), aged 51, joined the Group on January 19, 2016 as a non-executive Director and was appointed the chairman of the Board on September 28, 2018. He is also the chairman of the Nomination Committee and the Strategy Committee. He has previously used the Chinese name "Fu Shan (傅山)".

Mr. Fu has since October 2013 been a managing partner, a co-CEO and the Greater China CEO of Vivo Capital LLC, which is an investment management firm that primarily invests in the field of biotechnology and healthcare. Between June 2008 and October 2013, Mr. Fu worked as a senior managing director in the Beijing branch of Blackstone (Shanghai) Equity Investment Management Company Limited. He has been a director of Sinovac Biotech Ltd. (NASDAQ: SVA) since July 2018.

Mr. Fu obtained a master's degree in history and a bachelor's degree in history, both from Peking University in Beijing, the PRC, in 1991 and 1988, respectively.

Dr. Kung, Frank Fang-Chien (孔繁建博士), aged 71, joined the Group on January 19, 2016 as a non-executive Director. Dr. Kung was a founder and has since 1997 been a managing partner of Vivo Capital LLC, which is an investment management firm that primarily invests in the field of biotechnology and healthcare. He was a co-founder and was from 1983 to 1995 the president and CEO of Genelabs Technologies, Inc. (NASDAQ: GNLB), a biopharmaceutical company engaged in the discovery and development of infections disease therapies. He has been a director of Amyris, Inc. (NASDAQ: AMRS) since November 2017.

Dr. Kung obtained a Ph.D. in molecular biology from the University of California, Berkeley in the United States in 1976, and a bachelor's degree in chemistry from National Tsinghua University in Hsinchu City, Taiwan in 1970.

Mr. Kang, Pei (康霈先生), aged 61, joined the Group on January 11, 2011 as a non-executive Director. He is also a member of the Remuneration Committee. He has been the executive director of Chengwei Investment Management Advisory (Shanghai) Co., Ltd. (an entity under venture capital firm Chengwei Ventures LLC) since March 2003. Mr. Kang worked in various IBM Asian Pacific entities from January 1983 to May 2000, and his last position held was an executive in the financial service sector. He was a director of Transn IOL Technology Co., Ltd. (National Equities Exchange and Quotations of the PRC:

835737) from August 2015 to July 2019. Mr. Kang was a non-executive director of AAC Technologies Holding Ltd. (Hong Kong Stock Exchange: 2018) from February 2007 to May 2010.

Mr. Kang obtained a bachelor's degree in labor relations from Chinese Culture University in Taipei, Taiwan in June 1980.

Mr. Qiu, Yu Min (裘育敏先生), aged 46, joined the Group on September 26, 2018 as a non-executive Director. He is also a member of the Audit and Connected Transactions Review Committee. He has been a partner of private equity fund Advantech Capital since October 2017. From January 2016 to September 2017, he was an executive director at Advantech Capital. He served at private equity fund New Horizon Capital as an executive director from January 2015 to December 2015 and as a director from May 2013 to December 2014. From May 2010 to April 2013, he was a vice president of investment management firm GL Capital. From April 2007 to May 2010, he worked at the advisory department in PricewaterhouseCoopers Consultants (Shenzhen) Ltd. (Beijing branch) and his last position held was a manager. He worked at Vancouver Coastal Health Authority until 2007. From September 1994 to July 2002, Mr. Qiu worked with the Administrative Bureau of the Great Hall of the People in the PRC.

Mr. Qiu obtained an MBA degree from the University of British Columbia in Vancouver, Canada in May 2004 and a bachelor's degree in engineering from East China University of Technology in Shanghai, the PRC in July 1994. He was certified as a Chartered Financial Analyst in October 2007 by the CFA Institute and a Certified Management Accountant in 2006 by the Institute of Management Accountants.

Independent Non-executive Directors

Ms. Hu, Lan (胡蘭女士), aged 48, joined the Group on March 12, 2019 as an independent non-executive Director. She is the chairlady of the Audit and Connected Transactions Review Committee.

Ms. Hu has more than 20 years of experience working at international accounting firms, through which she has gained accounting and financial management expertise. Ms. Hu was a partner of the consulting services department of PricewaterhouseCoopers between July 2008 and June 2018. During this period, she led financial due diligence projects for corporate and financial buyers, with a focus on analyzing the financial statements, reviewing the profit forecasts and reviewing the internal control reports of target companies. Prior to that, she worked at PricewaterhouseCoopers from July 2002, and previously at Arthur Andersen from July 1994. During these periods, she served as a public accountant and was responsible for auditing and reviewing the financial statements of listing applicants and listed companies.

Ms. Hu obtained an MBA degree from University at Buffalo, the State University of New York in the United States in February 2005 and a bachelor's degree in accounting from Beijing Machinery and Industrial Institute in Beijing, the PRC in July 1994. She gained her Chinese Institute of Certified Public Accountants qualification in March 1997.

Dr. Sun, Lijun Richard (孫利軍博士), aged 56, joined the Group on March 12, 2019 as an independent non-executive Director. He is also a member of the Remuneration Committee, the Nomination Committee and the Strategy Committee.

Dr. Sun has more than 20 years of experience in drug discovery and development, having been named as an inventor of more than 100 awarded US patents that include drug discoveries related to

cancer, autoimmune diseases and inflammatory diseases since 1999. He has also authored 35 peer-reviewed publications on biotechnology.

Dr. Sun has worked at the Department of Surgery of the Beth Israel Deaconess Medical Center as the Director of the Center for Drug Discovery and Translational Research, with an academic appointment at Harvard Medical School as Associate Professor, from 2012. He joined Silicon Therapeutics as the senior vice president and head of discovery in May 2017. He worked in Theracrine, Inc. in 2011. He worked as a Vice President in Synta Pharmaceuticals Corp. from 2009. From 1998 to 2002, he worked at Shionogi BioResearch Corp. and filed multiple patents for the company as an inventor.

Dr. Sun received his master of science degree from Georgetown University in Washington, D.C., the United States in August 1992, and Ph.D. degree from Emory University in Georgia, the United States in May 1996. He was also a research fellow at the Emory University School of Medicine in 1997.

Mr. Chang, Hong-Jen (張鴻仁先生), aged 63, joined the Group on March 12, 2019 as an independent non-executive Director. He is also a member of the Audit and Connected Transactions Review Committee and the Strategy Committee. He is also the chairman of the Remuneration Committee. He has over 14 years of experience in biotech investment.

Mr. Chang has served as the President of Taiwan Research-based Biopharmaceutical Manufacturers Association from May 2017, an adjunct professor of Institute of Public Health, National Yang-Ming University from August 2018, the Chairman of YFY Biotech Management Co., Ltd. from July 2005, the Chairman of MiCareo Taiwan Co., Ltd. from July 2011, and the Chairman of EUSOL Biotech Co., Ltd. (Taipei Exchange: 6652) from October 2009. He was a director of Mycenax Biotech Inc. (Taipei Exchange: 4726) from June 2014 to May 2018, and has been a director of Excelsior Biopharma Inc. (Taipei Exchange: 6496) from June 2015, a director of TWi Biotechnology, Inc. (Taipei Exchange: 6610) from June 2015, a director of TaiGen Biopharmaceuticals Holdings Limited (Taipei Exchange: 4157) from 2016, and a director of Taiwan Liposome Company Ltd. (Taipei Exchange: 4152) from June 2007.

Mr. Chang worked in the Department of Health of Taiwan's Executive Yuan from February 2001 to November 2004, where his last position held was as the Deputy Minister.

Mr. Chang obtained his bachelor of medicine degree from National Yang-Ming Medical College in Taiwan in June 1982, master of public health degree from National Taiwan University in Taiwan in June 1984, and master of science in health services administration degree from Harvard University in the United States in June 1987.

OUR SENIOR MANAGEMENT

The following table sets forth certain information in respect of the members of the senior management (other than our Directors) of our Company:

Name	Age	Position	Date of Joining the Group	Date of Appointment as a Senior Manager	Roles and Responsibilities
Mr. Liu, Donglian (劉冬連先生)	51	Vice general manager	August 1, 2011	August 1, 2016	In charge of the development and production of biological drug candidates, responsible for development of production techniques, technology transfer and mass production relating to biological drug candidates
Dr. Liu, Ming (劉敏醫師)	59	Chief medical officer and vice general manager	August 28, 2017	August 28, 2017	In charge of clinical trials, responsible for strategic planning of clinical research, design and execution of experiments and drug safety matters
Mr. Yao, Jau-Chang (姚朝昶先生)	49	Vice general manager	April 23, 2018	April 23, 2018	In charge of the general management division, responsible for financial, accounting, legal, procurement, information technology and communication matters
Mr. Chen, Xiaobao (陳小寶先生)	38	Senior director of the chemical drug business	June 20, 2016	June 20, 2016	In charge of research and development, quality control of chemical drugs and development of production techniques
Mr. Lin, Chun-Ming (林俊明先生)	45	Senior director of sales and marketing department	May 1, 2013	April 1, 2017	In charge of the sales and marketing for formulating marketing strategies and product sales

Name	Age	Position	Date of Joining the Group	Date of Appointment as a Senior Manager	Roles and Responsibilities
Mr. Wu, Chih-Yuan (吳志遠先生)	46	Senior director of strategy and business development	January 1, 2016	April 1, 2019	In charge of advising on the Group's product strategy and seeking out product licensing opportunities

Senior Management

Mr. Liu, Donglian (劉冬連先生), aged 51, joined the Group in August 2011, and was appointed as a senior director in August 2016 and the vice general manager in October 2017, responsible for the development and production of biological drugs.

Prior to joining the Group, Mr. Liu served as the chief technology officer of Shanghai Enpei Biotechnology Co., Ltd. from January 2003 to July 2011, during which he was responsible for EPO (erythropoietin) process optimization and rabies vaccine process development. Between August 1994 and December 1998, he served as the vice manager of biological research and development department of Shanghai Huaxin High Biotechnology Co., Ltd., during which he was in charge of EPO process development and IND application.

Mr. Liu obtained a master's degree in entomology and a bachelor's degree in biology, both from the Central China Normal University in Wuhan, Hubei Province, the PRC, in June 1994 and July 1991, respectively.

Dr. Liu, Ming (劉敏醫師), aged 59, was appointed as the chief medical officer and a vice general manager in August 2017, responsible for overseeing the strategic planning of clinical trials, design and execution of experiments and drug safety matters. She has previously used the English name "Jacqueline Ming Liu".

Prior to joining the Group, Dr. Liu, Ming served at BeiGene USA, Inc. as a consultant of clinical development from January 2016 to April 2017. Between September 2007 and January 2016, she worked at TTY Biopharm, during which she was appointed as a director and then a senior director of its translational research center in January 2011 and April 2012, respectively, and was named as an inventor of a patent in the field of biotechnology. Between March 1994 and April 2007, she served at the Institute of Cancer Research, Taiwan National Health Research Institute as a research physician. Between September 1986 and January 1992, she was an internal medicine resident in Taipei Veterans General Hospital in Taiwan. She obtained a South African Medical Practitioner's License from South African Medical and Dental Council in 1983 and a Medical Practitioner's License from the Department of Health of Taiwan's Executive Yuan in 1986. She was qualified as an internal medicine specialist, a hematology specialist and a medical oncology specialist in Taiwan in 1989, 1992 and 1992, respectively, and obtained the ISO/IEC 17025 lab director certificate in 2008.

Dr. Liu, Ming obtained a bachelor's degree in medicine and surgery from the University of the Witwatersrand in Johannesburg, South Africa in December 1983.

Mr. Yao, Jau-Chang (姚朝昶先生), aged 49, joined the Group in April 2018 as a vice general manager in charge of the general management division, overseeing financial, accounting, legal, procurement, information technology and communication matters.

Prior to joining the Group, Mr. Yao was a director in PricewaterhouseCoopers Taiwan between October 2010 and April 2018, and focused on the biotechnology and technology industries. He served at Wonderland Nurserygoods Co., Ltd. as a senior manager of finance from January 2008 to August 2009. He was the senior manager of assurance services in PricewaterhouseCoopers Taiwan from March 2006 to February 2007. He served as a manager of finance and accounting in Zyxel Communications Corporation from October 2004 to January 2006. He was a finance and accounting manager of Quanta Computer Inc. from November 2002 to October 2004, and served as an assurance services manager in TN Soong & Co between July 1995 and October 2002.

Mr. Yao obtained his bachelor's degree in accounting and master's degree in accounting, both from Soochow University in Taiwan, in June 1991 and June 1993, respectively. He was certified as a Certified Public Accountant (CPA) in July 1995 by the Securities and Futures Bureau of Taiwan's Ministry of Finance, and a Certified Internal Auditor (CIA) in May 2000 by the Institute of Internal Auditors.

Mr. Chen, Xiaobao (陳小寶先生), aged 38, joined the Group in June 2016 as a senior director of the chemical drug business. Prior to joining the Group, Mr. Chen was a manager of research and development department of PUMC Pharmaceutical Co., Ltd. from July 2003 to August 2014, during which he was responsible for the product development, registration affairs and project management. From September 2012 to August 2014, he was also the project manager of Neovia Oncology under PUMC Pharmaceutical Co., Ltd.

Mr. Chen obtained a bachelor's degree in pharmaceutical sciences from Peking University School of Pharmaceutical Sciences in Beijing, the PRC in July 2003 and a master's degree in engineering majoring in project management from Peking University in July 2016.

Mr. Lin, Chun-Ming (林俊明先生), aged 45, joined the Group in May 2013, and was appointed as a senior director of the sales and marketing department in April 2017, responsible for formulating marketing strategies, promotion and product sales.

Prior to joining the Group, Mr. Lin worked at TTY Biopharm from May 2002 to December 2015, mainly responsible for sales and marketing matters in the oncology science business development unit.

Mr. Lin obtained a bachelor's degree in pharmacy from Taipei Medical University in Taiwan in June 1996.

Mr. Wu, Chih-Yuan (吳志遠先生), aged 46, joined the Group in January 2016, and was appointed as a senior director of strategy and business development in April 2019. Prior to joining the Group, Mr. Wu was a director of TTY Biopharm's oncology science business development unit from February 2014 to December 2015. He was a director of market advisory department in Taiho Pharmaceutical from January 2009 to September 2011. Mr. Wu worked at TTY Biopharm's marketing department between August 2002 and November 2008, assuming positions such as group product manager.

Mr. Wu obtained a bachelor's degree in pharmacy from National Taiwan University in Taiwan in June 1995.

Save as disclosed in this prospectus, none of the Directors 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 Latest Practicable Date.

As of the Latest Practicable Date, none of the Directors had any interests in any business, which competes or is likely to compete, either directly or indirectly with our business.

As of the Latest Practicable Date, save as disclosed in this prospectus,

- none of the Directors or members of senior management is related to any other Directors and members of senior management;
- none of the Directors or members of senior management holds any interest in the Shares which would be required to be disclosed pursuant to Part XV of the SFO; and
- there is no additional matter with respect to the appointment of the Directors that needs to be brought to the attention of the Shareholders, and there is no additional information relating to the Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

JOINT COMPANY SECRETARIES

We have appointed **Mr. Yao, Jau-Chang (姚朝昶先生)** as one of our joint company secretaries taking effect on the Listing Date. Mr. Yao joined us in April 2018 as a vice general manager in charge of the general management division, overseeing financial, accounting, legal, procurement, information technology and communication matters. For further details, please see the section headed "— Senior Management".

Mr. Lui, Wing Yat Christopher (呂穎一先生) was appointed as one of our joint company secretaries on April 16, 2019. Mr. Lui is a Manager of Corporate Services of Tricor Services Limited, a global professional services provider specializing in integrated Business, Corporate and Investor Services.

Mr. Lui has over 8 years of experience in the corporate secretarial field. He worked for Tricor Services Limited from October 2011. He has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Mr. Lui is currently the named company secretary of a listed company, Brainhole Technology Limited (Hong Kong Stock Exchange: 2203).

Mr. Lui became a Chartered Secretary and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom in 2017. Mr. Lui graduated from University College London in the United Kingdom in 2011.

COMPLIANCE ADVISER

We have appointed Somerly Capital Limited as our compliance adviser upon the Listing of our Shares on the Stock Exchange in compliance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of our Company under Rule 13.10 of the Listing Rules.

The terms of the appointment will commence on the Listing Date and end on the date which we distribute our annual report of our financial results for the first full financial year commencing after the Listing Date and such appointment may be extended by mutual agreement.

BOARD COMMITTEES

Audit and Connected Transactions Review Committee

We have established an Audit and Connected Transactions Review Committee with written terms of reference. The Audit and Connected Transactions Review Committee consists of three members, namely Ms. Hu, Lan, Mr. Qiu, Yumin and Mr. Chang, Hong-Jen, with Ms. Hu, Lan being the chairlady of the committee possessing the appropriate accounting or related financial management expertise. The primary duties of the Audit and Connected Transactions Review Committee include:

- making recommendations to the Board on the appointment, reappointment and removal of external auditors, approving the remuneration and terms of engagement of external auditors, and dealing with any issues in relation to resignation or dismissal of external auditors;
- reviewing and monitoring external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, discussing with auditors on the nature and scope of the audit work and reporting obligations before the audit commences;
- developing and implementing policies with respect to the non-audit work provided by external auditors;
- examining the completeness of our financial statements and our quarterly, interim and annual reports, and reviewing critical financial reporting judgments contained therein;
- overseeing our financial reporting, risk management and internal control systems;

- managing matters related to connected transactions;
- reviewing and approving our connected transactions and other related matters to the extent authorized by the Board; and
- providing information for the independent non-executive Directors and auditors to perform their annual review of the connected transactions.

Remuneration Committee

We have established a Remuneration Committee with written terms of reference. The Remuneration Committee consists of three members, namely Mr. Kang, Pei, Mr. Chang, Hong-Jen, and Dr. Sun, Lijun Richard, with Mr. Chang, Hong-Jen being the chairman of the committee. The primary duties of the Remuneration Committee include:

- making recommendations to the Board on the compensation remuneration packages of individual executive Directors and senior management and on the compensation of non-executive Director;
- making recommendations to the Board on the management's remuneration proposals;
- ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration;
- developing policies and structure for remuneration of all Directors, senior management and employees including salaries, incentive schemes and other share option schemes, and making recommendations to the Board; and
- making recommendations to the Board on disclosure with respect to Directors' remuneration included in the annual report.

Nomination Committee

We have established a nomination committee with written terms of reference. The Nomination Committee consists of three members, namely Mr. Fu, Shan, Ms. Hu, Lan and Dr. Sun, Lijun Richard, with Mr. Fu, Shan being the chairman of the committee. The primary functions of the Nomination Committee include:

- reviewing the structure, size and composition of the Board at least annually and making recommendations on any proposed changes to the Board of Directors to complement the Company's corporate strategy;
- identifying individuals suitably qualified to become Board members and making recommendations to the Board;
- assessing the independence of independent non-executive Directors; and
- making recommendations to the Board on the appointment and succession planning of Directors.

Strategy Committee

We have established a Strategy Committee with written terms of reference. The Strategy Committee consists of five members, namely Mr. Fu, Shan, Ms. Yeh-Huang, Chun-Ying, Dr. Liu, Jun, Mr. Chang, Hong-Jen and Dr. Sun, Lijun Richard, with Mr. Fu, Shan being the chairman of the committee. The primary functions of the Strategy Committee include:

- reviewing and making recommendations to the Board on the long-term strategic development plans of our Company;
- reviewing and making recommendations to the Board in relation to any significant capital operations (including but not limited to the alternation of the registered issued share capital; issuance of bonds or other securities; the merger, separation, dissolution or transformation of company structure of the Company or any of its wholly owned or holding subsidiaries; the Company's profit distribution plan and plans for loss recovery), asset management projects, the Company's annual financial budget plan, and final accounts;
- reviewing and making recommendations to the Board on any financing investment projects relating to issuance of securities by the Company or any of its wholly owned or holding subsidiaries;
- reviewing our major investment and financing proposals in accordance with the Company's articles and overseas investment management measures, and making recommendations to the Board;
- making recommendations to the Board on any major matters that would affect the Company's development;
- implementing and supervising the above items, reviewing, evaluating and making recommendations on any major changes made to these items, for the Board's approval; and
- other matters authorized by the Board.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

Our Directors and senior management receive their remuneration from our Company in the form of salaries, allowances, benefits in kind and retirement scheme contributions.

During the Track Record Period, certain of our Directors received remuneration from the Operating Entities. The aggregate amount of remuneration (including salaries, fees, bonuses, allowances, benefits in kind and retirement scheme contributions) paid to our Directors (during the period when the relevant individuals serve as Directors) and senior management by our Company were HK$3.0 million, HK$11.0 million and HK$4.6 million in 2017, 2018 and the four months ended April 30, 2019, respectively.

The aggregate amount of remuneration (including salaries, fees, bonuses, allowances, benefits in kind and retirement scheme contributions) paid to our Company's five highest paid individuals by our Company were HK$6.4 million, HK$19.8 million and HK$7.8 million in 2017, 2018 and the four months ended April 30, 2019, respectively.

Under the arrangements currently in force, the aggregate amount of remuneration, payable to, and benefits in kind receivable by our Directors for the year ending December 31, 2019 is estimated to be approximately HK$10.4 million.

Other than disclosed in note 8 to Appendix I — "Accountant's Report", there were no amounts paid during the Track Record Period to Directors or the five highest paid individuals in connection with their retirement from employment or as compensation for loss of office with our Company, or as inducement to join or upon joining our Company, or otherwise for services rendered by him or her in connection with the promotion or formation of our Company, and there was no other arrangement under which a Director waived or agreed to waive any remuneration during the Track Record Period.

So far as our Directors are aware, immediately following the completion of the Global Offering and assuming that the Over-Allotment Option is not exercised, the following persons will have or be deemed or taken to have a more than 5% interest and/or a short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO:

		Shares held as at the Latest Practicable Date (assuming the Class A Preferred Shares and Class B Preferred Shares are converted into Shares)		Shares held immediately following completion of the Capitalization Issue and the Global Offering (assuming the Over-Allotment Option is not exercised)		Shares held immediately following completion of the Capitalization Issue and the Global Offering (assuming the Over-Allotment Option is fully exercised)	
Name	**Nature of interests**	**Number**	**Percentage**	**Number**	**Percentage**	**Number**	**Percentage**
Centerlab[(1)(6)]	Beneficial owner	49,702,439	36.16%	179,142,100	31.43%	179,142,100	30.70%
BioEngine[(1)]	Beneficial owner	1,398,000	1.02%	4,882,300	0.85%	4,882,300	0.84%
Vivo Capital Fund VIII, L.P.[(2)(6)]	Beneficial owner	22,965,806	16.71%	89,980,500	15.79%	89,980,500	15.42%
Vivo Capital Surplus Fund VIII, L.P.[(2)(6)]	Beneficial owner	3,171,303	2.31%	12,424,900	2.18%	12,424,900	2.13%
Vivo Capital VIII, LLC[(2)(6)]	Interest in controlled corporation	26,137,109	19.02%	102,405,400	17.97%	102,405,400	17.55%
Vivo Capital LLC[(2)(6)]	Interest in controlled corporation	26,137,109	19.02%	102,405,400	17.97%	102,405,400	17.55%
Prime Success[(3)]	Beneficial owner	16,199,152	11.79%	56,573,500	9.93%	56,573,500	9.70%
Chengwei Evergreen Capital, L.P.[(3)]	Interest in controlled corporation	16,199,152	11.79%	56,573,500	9.93%	56,573,500	9.70%
Chengwei Evergreen Management, LLC[(3)]	Interest in controlled corporation	16,199,152	11.79%	56,573,500	9.93%	56,573,500	9.70%
Advantech Capital V[(4)]	Beneficial owner	14,069,743	10.24%	49,136,800	8.62%	49,136,800	8.42%
Advantech Capital II Master Investment Limited[(4)]	Interest in controlled corporation	14,069,743	10.24%	49,136,800	8.62%	49,136,800	8.42%
Advantech Capital II L.P.[(4)]	Interest in controlled corporation	14,069,743	10.24%	49,136,800	8.62%	49,136,800	8.42%
Advantech Capital Partners II Limited[(4)]	Interest in controlled corporation	14,069,743	10.24%	49,136,800	8.62%	49,136,800	8.42%
Yuanta Construction[(5)]	Interest in controlled corporation	7,254,563	5.28%	25,335,600	4.44%	25,335,600	4.34%

Notes:

(1) As of the Latest Practicable Date, Centerlab directly held 37,703,292 Ordinary Shares and 11,999,147 Class A Preferred Shares, and BioEngine directly held 1,398,000 Ordinary Shares. Centerlab is publicly listed on the Taipei Exchange under the stock code 4123 and BioEngine is owned as to 30.91% by Centerlab and is an associate of Centerlab. The interest of BioEngine in the Shares is included in the above table for information purposes only.

(2) As of the Latest Practicable Date, Vivo Capital Fund VIII, L.P. directly held 17,573,333 Ordinary Shares and 5,392,473 Class A Preferred Shares, and Vivo Capital Surplus Fund VIII, L.P. directly held 2,426,667 Ordinary Shares and 744,636 Class A Preferred Shares. Both Vivo Capital Fund VIII, L.P. and Vivo Capital Surplus Fund VIII, L.P. (referred to collectively as Vivo Capital) are limited partnerships organized under the laws of the State of Delaware of the United States. The general partner of Vivo Capital is Vivo Capital VIII, LLC, which is registered in the State of Delaware of the United States. Vivo Capital LLC, registered in the State of California of the United States, serves as the management company of Vivo Capital and has a form of advisory agreement with Vivo Capital VIII, LLC. For the purpose of the SFO, Vivo Capital VIII, LLC and Vivo Capital LLC are deemed to have an interest in the Shares held by Vivo Capital. The interest of Vivo Capital Surplus Fund VIII, L.P. in the Shares is included in the above table for information purposes only.

(3) As of the Latest Practicable Date, Prime Success directly held 11,980,308 Ordinary Shares, 3,766,969 Class A Preferred Shares and 451,875 Class B Preferred Shares. Prime Success is a company with limited liability incorporated under the laws of Hong Kong, which is wholly owned by Chengwei Evergreen Capital, L.P., a venture capital fund incorporated under the laws of the Cayman Islands. The general partner of Chengwei Evergreen Capital, L.P. is Chengwei Evergreen Management, LLC, a limited liability company incorporated under the laws of the Cayman Islands. For the purpose of the SFO, Chengwei Evergreen Capital, L.P. and Chengwei Evergreen Management, LLC are deemed to have an interest in the Shares held by Prime Success.

(4) As of the Latest Practicable Date, Advantech Capital V, an exempted company with limited liability incorporated under the laws of Cayman Islands, directly held 513,484 Class A Preferred Shares and 13,556,259 Class B Preferred Shares. Advantech Capital V is wholly owned by Advantech Capital II Master Investment Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands, which is in turn wholly owned by Advantech Capital II L.P., a private equity fund incorporated under the laws of the Cayman Islands. The general partner of Advantech Capital II L.P. is Advantech Capital Partners II Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands. For the purpose of the SFO, Advantech Capital II Master Investment Limited, Advantech Capital II L.P. and Advantech Capital Partners II Limited are deemed to have an interest in the Shares held by Advantech Capital V.

(5) As of the Latest Practicable Date, Vaxon Investment Inc., a company with limited liability incorporated under the laws of Samoa, directly held 1,600,000 Ordinary Shares and 1,581,563 Class A Preferred Shares, and Vaxgen Investment Inc., a company with limited liability incorporated under the laws of British Virgin Islands, directly held 4,073,000 Ordinary Shares. To the best knowledge of our Company, Vaxon and Vaxgen are both controlled by Yuanta Construction. For the purpose of the SFO, Yuanta Construction is deemed to have an interest in the Shares held by Vaxon and Vaxgen.

(6) The number of Shares to be held by Centerlab and Vivo Capital immediately following completion of the Capitalization Issue and the Global Offering stated in the above table has taken into account the cornerstone investments agreed to be made by these existing Shareholders, with the relevant number of Shares calculated based on the Offer Price of HK$7.05 per Share (being the mid-point of the indicative Offer Price range). See "Cornerstone Investors — Details of the Cornerstone Investors" for details.

Save as disclosed in this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Global Offering (and assuming the Over-Allotment Option is not exercised), have an interest or a short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 5% 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 member of our Group.

CENTERLAB AND MR. LIN, JUNG-CHIN

Background

As of the Latest Practicable Date, Centerlab, together with BioEngine, a Centerlab Entity, was the legal and beneficial owner of 37.18% of the issued shares of the Company. Centerlab will continue to be the Controlling Shareholder of the Company upon Listing. Centerlab's shares are publicly listed on the Taipei Exchange, an over-the-counter market in Taiwan, under the stock code 4123.

As of the Latest Practicable Date, Mr. Lin, Jung-Chin (林榮錦先生) ("**Mr. Lin**") and his associates (including his immediate family members as well as his and their controlled entities) in total owned 18.87% of the issued shares of Centerlab. Mr. Lin is also the chairman and a director of Centerlab. Mr. Lin and two of his associates are directors of the board of Centerlab which comprises nine directors. Mr. Lin was the chairman and Director of the Company until he resigned on September 28, 2018.

Immediately following the completion of the Global Offering, assuming the Over-Allotment Option is not exercised and taking into account the Offer Shares to be subscribed for by Centerlab as a Cornerstone Investor as calculated based on the Offer Price of HK$7.05 per Share (being the mid-point of the indicative Offer Price range), Centerlab, together with BioEngine, is expected to remain a Controlling Shareholder of the Company after the Listing, when its shareholding in the Company will be diluted to 32.28%.

Centerlab's Principal Businesses

Centerlab's principal business is the manufacturing and sales of oral pharmaceuticals, and it is an oral solution pharmaceutical company in Taiwan. In 2018, Centerlab had revenues of NT$21,648.2 million (approximately HK$5,554.9 million) and net profits of NT$7,887.5 million (approximately HK$2,023.9 million). Centerlab primarily manufactures and sells generic drugs. It also has an innovative drugs division, which is limited to the development of new drugs that act in the central nervous system and anti-diabetic drugs. Centerlab does not develop, manufacture or sell innovative anti-tumor drugs.

In view of the above, our Directors are of the view that there is no or minimal competition between our Group and Centerlab.

The Charges and Ongoing Civil Proceedings

Mr. Lin was charged by the Taiwan Taipei Prosecutor's Office with certain alleged contravention of the Securities and Exchange Act (《證券交易法》) of Taiwan (the "**Securities and Exchange Act**"). Specifically, during Mr. Lin's tenure as the chairman of TTY Biopharm between June 2008 and June 2014, TTY Biopharm licensed the intellectual property rights in relation to the formulations (such as active pharmaceutical ingredients, production methods and other proprietary data) of certain generics of 13 brand name drugs to certain Independent Third Parties. It was alleged that Mr. Lin had approved such transactions without presenting them to the board of directors of TTY Biopharm for approval, and that the licensing fee structure of some of such transactions was not in line with normal business practices primarily in the sense that the relevant Independent Third Parties were not required to pay any upfront and milestone payments in connection with the licensing arrangements. As such, Mr. Lin was charged with two counts of irregular transactions (不合營業常規交易罪) in contravention of section 171(1)(ii) of the Securities and Exchange Act and two counts of breach of fiduciary duties (背信罪) in contravention of

section 171(1)(iii) of the Securities and Exchange Act (together, the "**Charges**"). On September 1, 2017, at first instance, the Taiwan Taipei District Court found Mr. Lin guilty of the Charges and he was sentenced to 10 years' imprisonment. As of the Latest Practicable Date, Mr. Lin had lodged an appeal to the Taiwan High Court and such appeal was ongoing.

In addition, there is an ongoing legal proceeding between Centerlab and TTY Biopharm, a former shareholder of the Company, relating to the validity of certain outsourcing arrangements between them entered into in August 2010 whereby Centerlab would pay TTY Biopharm up to NT$20 million in a number of stage payments (the "**Ongoing Civil Proceedings**"). In May 2016, TTY Biopharm unilaterally announced that the relevant outsourcing arrangement is invalid, at which point Centerlab had paid TTY Biopharm a total of NT$12.5 million. Centerlab initiated proceedings against TTY Biopharm to seek a ruling that the relevant outsourcing arrangement is valid and enforceable. As of the Latest Practicable Date, TTY Biopharm was no longer a shareholder of the Company. On March 1, 2018, at first instance, the Taiwan Taipei District Court found in favor of Centerlab. TTY Biopharm has lodged an appeal.

None of the Charges or Ongoing Civil Proceedings involves matters relating to our Group or any of the Directors. The Charges relate to the licensing of certain generics of brand name drugs to other Independent Third Parties unrelated to our Group. The Ongoing Civil Proceedings are related to arrangements between Centerlab and TTY Biopharm. To the best knowledge of the Company, other than Mr. Lin, none of the shareholders, directors or senior management of our Group or their respective associates is involved in the transactions that led to the Charges or Ongoing Civil Proceedings.

INDEPENDENCE FROM CENTERLAB AND MR. LIN, JUNG-CHIN

Shareholding Independence

As of the Latest Practicable Date, to the best knowledge of the Company, none of Mr. Lin or his associates held any beneficial interest in the shares of the Company (other than indirectly through Centerlab).

Operational Independence

Since its establishment as a separate legal entity, our Group has independently operated under the leadership of Ms. Yeh-Huang, Chun-Ying (黃純瑩女士), executive Director and the general manager, Dr. Liu, Jun (劉軍博士), executive Director, chief scientific officer and vice general manager in charge of the analytical method development and quality control of biological drug candidates, Mr. Liu, Donglian (劉冬連先生), vice general manager in charge of the development and production of biological drug candidates, Dr. Liu, Ming (劉敏醫師), chief medical officer and vice general manager in charge of clinical trials and drug safety matters, Mr. Yao, Jau-Chang (姚朝昶先生), vice general manager in charge of financial, accounting, legal, procurement, information technology and communication matters, Mr. Chen, Xiaobao (陳小寶先生), senior director of the chemical drug business, Mr. Lin, Chun-Ming (林俊明先生), senior director of sales and marketing department, and Mr. Wu, Chih-Yuan (吳志遠先生), senior director of strategy and business development (the "**Core Management Team**"). Mr. Lin has never held any role in the Core Management Team and has not taken any senior management role in the Company other than being a Director and the chairman. The resignation of Mr. Lin as the chairman and a Director of the Company and his ceasing to have any management role at our Group did not have any material impact on our Group's business operations and sustainability.

Operationally, our Group's businesses are primarily located in the PRC whereas Centerlab's businesses are primarily located in Taiwan. In addition, all the research and development capabilities of

our Group have been developed independently of Centerlab and will remain independent from Centerlab. Centerlab and our Group operate independently of each other and none of their operational functions overlap with each other.

We have full rights to make all decisions regarding, and to carry out, our own business operations independently. We hold or enjoy the benefit of the relevant licenses necessary to carry out our business, and have sufficient capital, equipment and employees to operate our business independently from Centerlab. We do not rely on Centerlab for any operational or administration resources. Our financial reporting system is independent from that of Centerlab. In addition, our organizational structure is made up of individual departments, each with specific areas of responsibilities. We have also established a set of internal controls to facilitate the effective operation of our business.

Based on the above, our Directors are satisfied that we have been operating independently from Centerlab and its close associates during the Track Record Period and will continue to operate in such manner after the Listing.

Independence of Directorship and Management

The Board comprises two executive Directors, four non-executive Directors and three independent non-executive Directors. None of the members of the Core Management Team has assumed or will assume directorship or any senior management roles in Centerlab. Following Mr. Lin's resignation from the Board as described in "— Centerlab and Mr. Lin, Jung-Chin — Background" above, there has not been and will not be any common directors sitting on both Centerlab's and our boards of Directors. Each of our Directors and members of the Core Management Team has substantial experience in the industry in which we are engaged. See the section headed "Directors and Senior Management" for the qualifications and experience of our Directors and senior management.

Each of our Directors is aware of his or her fiduciary duties as a Director which requires, among other things, that he or she must act for the benefit and in the best interests of the Company, and not allow any conflict between his or her duties as a Director and his or her personal interests. We believe our independent non-executive Directors will bring independent judgment to the decision-making process of our Board.

In addition, our Directors shall not vote on any Board resolution approving any contract or arrangement or any other proposal in which he or she or any of his or her close associates has a material interest and shall not be counted in the quorum present at the relevant Board meeting, subject to certain exceptions.

Based on the above, our Directors are satisfied that our Board, together with our senior management team, is able to perform the managerial role in our Group independently.

Financial Independence

We have had and will have an independent financial system and make financial decisions according to our own business needs, and have sufficient capital to operate our business independently and adequate internal resources to support its our daily operations. As of the Latest Practicable Date, we had no outstanding bank borrowings and there are no loans between Centerlab, Mr. Lin and us. We expect that we will continue to be capable of obtaining financing from third parties, if necessary, for the general operation of our business in its ordinary course without relying on financial assistance from Centerlab and Mr. Lin.

Based on the above, our Directors believe that we are able to maintain financial independence from Centerlab, Mr. Lin and their respective close associates after the Listing.

MEASURES TO ADDRESS POTENTIAL COMPETITION AND CONFLICT OF INTEREST

Non-Competition Undertakings

To further safeguard our Group from any potential competition with Centerlab and its close associates, on October 25, 2019, Centerlab has executed a deed of non-competition in favor of the Company (the "**Deed of Non-Competition**"), pursuant to which it has undertaken to us that for the duration of the Non-Compete Period (as defined below), it shall not, and shall use its best endeavors to procure that its respective close associates will not, solely or jointly or in cooperation with other parties, without the prior written consent of the Company:

(a) hold and/or be interested in, either directly or indirectly, any shares or securities or interest in any company or other entity whose business primarily involves, directly or indirectly, research and development of innovative anti-tumor drugs (other than through contracting our Group to develop such drugs in transactions in compliance with the Listing Rules) (the "**Restricted Business**") in the PRC (the "**Restricted Region**"); or

(b) otherwise engage or be involved in any Restricted Business in the Restricted Region.

Notwithstanding the above, Centerlab or its close associates may, during its Non-Compete Period (as defined below), hold and/or be interested in, either directly or indirectly, any shares or securities or interest in any company or other business entity which is engaged or involved in, directly or indirectly, any Restricted Business in the Restricted Region provided that the interest of Centerlab and its close associates in such company or business entity represents not more than 19.9% of the issued share capital of such company or business entity.

The undertakings given by Centerlab under the Deed of Non-Competition are effective from the Listing Date and terminate on the earliest of: (i) the date on which Centerlab ceases to be a substantial shareholder of the Company as defined in the Listing Rules; (ii) the date on which the Shares cease to be listed on the Stock Exchange; and (iii) the date on which our Group ceases to engage in the Restricted Businesses (the "**Non-Compete Period**").

Our independent non-executive Directors will consider on an annual basis whether or not Centerlab has complied with the terms set forth in the Deed of Non-Competition. We will disclose in our annual report decisions or determinations, with basis, in relation to matters reviewed by the independent non-executive Directors regarding whether any activity or business or proposed activity or business of any of Centerlab or its Affiliates competes or is likely to compete, either directly or indirectly, with the Restricted Business.

To ensure our independent non-executive Directors are able to monitor the compliance with the Deed of Non-Competition, Centerlab has undertaken in the Deed of Non-Competition to provide and to procure the provision to us all information necessary for the enforcement of the undertakings contained therein.

Undertakings and Measures to Ensure Our Group Will Not Be Subject to Substantial Influence from Mr. Lin or His Associates and Relatives

Undertakings by Mr. Lin to the Company

Mr. Lin has undertaken to the Company on October 25, 2019 that, unless and until he is acquitted of the Charges:

(a) he will not, and will procure his associates and relatives as defined in Rules 14A.12 and 14A.21(1)(a) of the Listing Rules, respectively (collectively, the "**Relevant Persons**") not to, serve on the Board or hold any other role at our Group;

(b) (i) he will, and will procure the Relevant Persons to, abstain from discussing or voting on any matters related to our Group brought before the board of directors or any committee thereof of Centerlab and (ii) he will not, and will procure the Relevant Persons not to, become a member of the investment committee of Centerlab; and

(c) he will not, and will procure the Relevant Persons (for the avoidance of doubt, other than Centerlab) not to, increase his or their shareholding in, either directly or indirectly, the Company or any member of our Group, save as a result of any change in shareholding of Centerlab in the Company, including return of shares in connection with any stock borrowing arrangement entered into to facilitate over-allocations under the Global Offering.

Undertakings by Centerlab to the Company

Centerlab has undertaken to the Company on October 25, 2019 that, during the period from the date the Listing is completed until the earliest of (i) Centerlab ceasing to be a substantial shareholder (as such term is defined in the Listing Rules) of the Company; (ii) Mr. Lin and the Relevant Persons ceasing to be a director, officer or employee of Centerlab; and (iii) the termination of the undertakings set out in "— Undertakings by Mr. Lin to the Company" above, if Centerlab convenes a meeting of its board of directors or any committee thereof or of its investment committee (the "**Relevant Meeting**") to discuss or vote on matters related to our Group, then:

(a) Centerlab shall give the Company no less than three business days' written notice of the Relevant Meeting; and

(b) the Company may send an observer (who shall be a non-executive Director of the Company independent of Mr. Lin and the Relevant Persons) to the Relevant Meeting to observe the proceedings of only such part of the Relevant Meeting where matters relating to our Group are discussed.

Other measures undertaken by the Company

Role of the Nomination Committee. The Board has established a nomination committee that comprises one non-executive Director and two independent non-executive Directors and is chaired by Mr. Fu, Shan (付山先生). The nomination committee will be responsible for making recommendations to the Board in relation to the appointment and removal of the Company's Directors and senior management.

Amendment to the Articles. Reference is also made to the Articles of Association, which provide that Mr. Lin and the Relevant Persons are not qualified to be a Director or a member of the Company's

senior management unless and until Mr. Lin is acquitted of the Charges. See "Appendix IV — Summary of Articles of Association — Directors' Appointment, Removal and Retirement" for details. The articles of association of other members of our Group will be amended to effect the same to be effective upon the Listing.

Disclosure in announcements and circulars. After the Listing, if the Company is required to issue any announcements or shareholder circulars in accordance with the Listing Rules with respect to (i) the exercise of voting rights by Centerlab as a Shareholder at the Company's annual and extraordinary general meetings; and (ii) dealings between the Company and Centerlab, including but not limited to continuing connected transactions (collectively, the "**Relevant Matters**"), the Company will include a statement in each such announcement or shareholder circular to confirm (a) that none of Mr. Lin or any of the Relevant Persons has discussed or voted on the Relevant Matters at the relevant meeting of the board of directors of Centerlab; and (b) where the Relevant Matters involved the approval or deliberation by the board of directors or the investment committee of Centerlab, that none of Mr. Lin or any of the Relevant Persons was a member of the investment committee of Centerlab at the material time.

CORPORATE GOVERNANCE MEASURES

Our Board will consist of three independent non-executive Directors to ensure that our Board is able to effectively exercise independent judgment in its decision-making process. See "Directors and Senior Management — Independent Non-executive Directors" in this prospectus for details about our independent non-executive Directors. We believe our independent non-executive Directors are of sufficient caliber, knowledge and experience and will be able to provide an impartial and independent advice to our Shareholders.

We have adopted the following measures in order to manage existing and potential conflicts of interest between our Group and Centerlab:

(a) our Articles of Association provide that where a Director or a senior management officer of the Company is in any way, directly or indirectly, interested in a contract, transaction or arrangement which are made or proposed by the Company (other than his/her service contract with the Company), he/she shall declare the nature and extent of his/her interests to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement is otherwise subject to the approval of the Board. See "Appendix IV — Summary of Articles of Association — Directors' Interests" for details;

(b) our Articles of Association also provide that a Director shall not vote on any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest, and such Director shall not be counted in the quorum of the relevant board meeting, subject to certain exceptions. See "Appendix IV — Summary of Articles of Association — Directors' Interests" for details; and

(c) we have appointed Somerley Capital Limited as our compliance advisor, which 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 Board is satisfied that there are sufficient and effective measures to manage conflicts of interest and that we are able to operate independently of Centerlab.

SHARE CAPITAL OF OUR COMPANY

As at the Latest Practicable Date, all of the issued shares in the Company comprise fully paid 86,267,500 Ordinary Shares, 25,417,983 Class A Preferred Shares and 25,756,893 Class B Preferred Shares. Pursuant to the Companies Ordinance, with effect from March 3, 2014, companies incorporated in Hong Kong no longer have an authorized share capital and there is no longer the concept of par value in respect of issued shares.

Details of the issued share capital of the Company immediately prior to and following the Capitalization Issue and immediately prior to and following the completion of the Global Offering are set out below:

	Number of Shares	Approximate percentage of issued share capital
Issued and to be issued, fully paid or credited as fully paid		
Shares in issue immediately prior to the Capitalization Issue	137,442,376	24.11%
Shares to be issued pursuant to the Capitalization Issue	342,557,624	60.10%
Shares in issue immediately prior to the completion of the Global Offering	480,000,000	84.21%
Shares to be issued pursuant to the Global Offering	90,000,000	15.79%
Total	570,000,000	100.00%

Assumptions

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. The above does not take into account any Shares (i) which may be issued upon the exercise of the Over-Allotment Option; (ii) which may be issued under the Pre-IPO Share Option Scheme; or (iii) which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKING

The Offer Shares and the Shares which may be issued under the Over-Allotment Option will rank equally with all of the Shares now in issue or to be issued, and will qualify for all dividends or other distributions declared, made or paid on the Shares after the date of this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate (the "**Issuing Mandate**") to allot, issue and deal in a total number of Shares of not more than the aggregate of:

i. 20% of the total number of Shares in issue immediately following completion of the Global Offering, but excluding any Shares which may be issued upon the exercise of the Over-Allotment Option; and

ii. the total number of the Shares repurchased by our Company (if any) pursuant to the Repurchase Mandate.

The Issuing Mandate does not apply to situations where our Directors allot, issue or deal in Shares by way of a rights issue, scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or in part of any dividend in accordance with the Articles, or pursuant to the exercise of any subscription or conversion rights attaching to any warrants or any securities which are convertible into Shares, or under the Global Offering or upon the exercise of the Over-Allotment Option. Our Directors may, in addition to the Shares which they are authorised to issue under the Issuing Mandate, allot, issue and deal in Shares pursuant to a rights issue, the exercise of subscription rights attaching to any warrants of our Company, scrip dividends or similar arrangements or any other option scheme or similar arrangement for the time being adopted.

The Issuing Mandate will expire upon the earliest occurrence of any of the following:

- at the conclusion of our next annual general meeting;
- on the date by which our next annual general meeting is required by the Articles or the Companies Ordinance to be held; or
- when the authority given to our Directors is revoked or varied by an ordinary resolution passed by our Shareholders in general meeting.

Further details of the Issuing Mandate are set out in the paragraph headed "3. Resolutions of the Shareholders passed on April 24, 2019 and September 30, 2019" in "Statutory and General Information — A. Further Information About our Company" in Appendix V to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate (the "**Repurchase Mandate**") to exercise all the powers of our Company to repurchase Shares with an aggregate number of Shares of not more than 10% of the aggregate number of Shares in issue and to be issued immediately following completion of the Global Offering, but excluding any Shares that may be issued upon the exercise of the Over-Allotment Option.

The Repurchase Mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are made in accordance with the Listing Rules and all applicable

laws. A summary of the relevant requirements under the Listing Rules is set out in the paragraph headed "5. Repurchases by our Company of its own Securities" in "Statutory and General Information — A. Further Information About our Company" in Appendix V to this prospectus.

The Repurchase Mandate will expire upon the earliest occurrence of any of the following:

- at the conclusion of our next annual general meeting;
- on the date by which our next annual general meeting is required by the Articles or the Companies Ordinance to be held; or
- when the authority given to our Directors is revoked or varied by an ordinary resolution passed by our Shareholders in general meeting.

Further details of the Repurchase Mandate are set out in the paragraph headed "Statutory and General Information — A. Further Information About Our Company — 3. Resolutions of the Shareholders passed on April 24, 2019 and September 30, 2019" in Appendix V to this prospectus.

PUBLIC FLOAT REQUIREMENTS - RULE 8.08 OF THE LISTING RULES

Rule 8.08 of the Listing Rules requires us to maintain a minimum percentage of 25% of our total issued share capital in the hands of the public at the time of the Listing and at all times thereafter. Our Directors confirm that we will comply with the requirements of Rule 8.08 upon the Listing.

NO FURTHER ISSUE OF SECURITIES WITHIN SIX MONTHS OF LISTING – RULE 10.08 OF THE LISTING RULES

Rule 10.08 of the Listing Rules provides that we may not issue any further Shares or securities convertible into equity securities, or enter into any agreement to make such an issue, within 6 months from the Listing Date. Our Directors confirm that we will comply with the requirements of Rule 10.08 upon the Listing.

PRE-IPO SHARE OPTION SCHEME

We have adopted the Pre-IPO Share Option Scheme. The principle terms of the Pre-IPO Share Option Scheme are summarized in the section headed "Statutory and General Information — E. Pre-IPO Share Option Scheme" in Appendix V to this prospectus.

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements as included in Appendix I — "Accountant's Report" to this prospectus, which were prepared in accordance with HKFRS, together with the accompanying notes. The following discussion and analysis include forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements due to various factors, including those set forth in "Forward-Looking Statements", "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

We are a clinical-stage biopharmaceutical company dedicated to developing and commercializing innovative oncology drugs and therapies. Our mission is to build a leading brand name of oncology treatments trusted by patients and their families as well as medical professionals in China. We have a comprehensive portfolio of oncology drug candidates, which include mAbs, ADCs, oncolytic virus products and specialty oncology drugs such as liposome drugs, targeting various types of cancers. Since our inception in 2009, we have built and established a fully integrated in-house platform of discovery, process development, quality management, pre-clinical and clinical development, as well as commercial-scale manufacturing facilities and proven sales and marketing capabilities, which provides flexibility and scalability for our business to expand along the innovative drug industry value chain. See the section headed "Business" for more information on our drug candidates.

We currently have no self-developed products approved for commercial sale and have not generated any revenue from sales of our self-developed drugs. During the Track Record Period, we generated revenue primarily from various arrangements with our strategic business partners, including (i) commercialization of S-1, an oncology drug of Taiho Pharmaceutical; (ii) providing CDMO and CMO services to biotech companies; and (iii) licensing the development and commercialization rights of TAB014. See "Business — Collaboration with Strategic Business Partners" for a summary of these arrangements. Our total revenue was RMB51.6 million, RMB39.2 million, RMB9.2 million and RMB18.2 million in 2017, 2018 and the four months ended April 30, 2018 and 2019, respectively. We have not been profitable and have incurred operating losses in each year since inception. Our operating loss was RMB106.0 million, RMB237.2 million, RMB46.7 million and RMB77.4 million in 2017, 2018 and the four months ended April 30, 2018 and 2019, respectively. The operating loss was primarily attributable to our research and development expenses of RMB105.9 million, RMB188.7 million, RMB34.1 million and RMB48.3 million in 2017, 2018 and the four months ended April 30, 2018 and 2019, respectively.

We expect to incur significant expenses and operating losses for at least the next several years as we advance our pre-clinical and clinical development of, and seek regulatory approval for, our drug candidates, launch commercialization of our drug candidates, and add personnel necessary to operate the fully-integrated platform with an advanced clinical candidate pipeline of products. Subsequent to the listing, we expect to incur costs associated with operating as a public company. We expect that our financial performance will fluctuate due to the status of the development of our drug candidates, our efforts to obtain regulatory approval and commercialize our drug candidates.

BASIS OF PRESENTATION

Our Company was incorporated under the laws of Hong Kong on December 4, 2009. Our Company, as the holding company of our business, wholly owns TOT Suzhou and TOT Shanghai and other

subsidiaries through which we operate our business. See the section headed "History and Development" for details. Our consolidated financial statements have been prepared in accordance with HKFRS and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are carried at fair value.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition have been, and are expected to continue to be, principally affected by the following factors:

Our Ability to Successfully Commercialize Our Drug Candidates

Our business and results of operations depend on our ability to successfully commercialize our drug candidates. All of our self-developed drug candidates are still in development and we have not yet received regulatory approval to commercialize any of our drug candidates. As at the Latest Practicable Date, we had a pipeline of 12 drug candidates comprising four biological drug candidates and two chemical drug candidates in clinical stage. See "Business — Our Drug Candidates" for more information on the development status of our various drug candidates. Accordingly, we have not generated any revenue from the sales of our self-developed drug candidates and have operated at a net loss in each period since our inception. We expect to commercialize one or more of our drug candidates over the coming years as they move toward the final stages of development and if they receive relevant regulatory approvals. TAB008, our bevacizumab biosimilar, is our Core Product and drug candidate closest to commercialization, which we expect to launch in late 2020 or early 2021. See "Risk Factors — Risks Relating to Our Business — Risks Relating to the Development of Our Drug Candidates" and "Risk Factors — Risks Relating to Our Business — Risks Relating to Commercialization of Our Drugs and Drug Candidates" for further details.

Our Ability to Maintain Collaboration with Third Parties

During the Track Record Period, we derived revenue from collaboration with certain third parties to (i) commercialize S-1, an oncology drug, (ii) license out TAB014, a proprietary drug candidate of ours, and (iii) provide CDMO and CMO services. See "Business — Collaboration with Strategic Business Partners" for a summary of these arrangements. As a biopharmaceutical company, we have significant working capital requirement to fund our operations, in particular research and development expenses. By deriving revenue from the foregoing collaboration arrangements, we are able to generate stable revenue and cash flows, which benefits our financial condition. Our revenue generated from the said arrangements was RMB51.6 million, RMB38.6 million, RMB9.2 million and RMB18.0 million in 2017, 2018 and the four months ended April 30, 2018 and 2019, respectively, representing 100.0% and 98.4%, 100.0% and 99.0% of our total revenue during the same periods, respectively. The timing for milestone payments will have an effect on our results of operations.

Research and Development Cost and Other Operating Expenses

Our results of operations are significantly affected by our cost structure, which primarily consists of research and development expenses, selling expenses and general and administrative expenses.

Research and development activities are central to our business model. Our research and development expenses accounted for 64.8%, 65.5%, 59.9% and 52.3% in 2017, 2018 and the four months

ended April 30, 2018 and 2019, respectively, of our total costs and expenses. Our current research and development activities mainly relate to the pre-clinical and clinical advancement of our 12 drug candidates, in particular TAB008, our Core Product undergoing Phase III clinical trials. Clinical trials expenses amounted to RMB41.2 million, RMB90.5 million, RMB12.2 million and RMB8.0 million in 2017, 2018 and the four months ended April 30, 2018 and 2019, respectively. In general, research and development costs step up significantly as drug candidates reach more advanced clinical stages. Phase III clinical trials, for example, are much more expensive than Phase I clinical trials. We therefore expect our research and development expenses to increase significantly in the foreseeable future as we advance the clinical trials of TAB008 and move more drug candidates into additional clinical trials.

Our selling expenses consist primarily of (i) employee benefit expenses for our sales and marketing staff, (ii) conference fees for hosting oncology industry forums, (iii) marketing and promotion expenses for hosting social events as part of our sales and marketing efforts, and (iv) travelling expenses. Our selling expenses accounted for 17.7%, 13.5%, 20.0% and 12.0% of our total costs and expenses in 2017, 2018 and the four months ended April 30, 2018 and 2019, respectively. We expect our selling expenses to increase over time along with our efforts to strengthen our in-house salesforce to market our current and drug candidates in the future. Furthermore, to advance the commercialization of our drug candidates and in-licensed drugs, we may need to conduct comprehensive market analyses, obtain licenses and reimbursement, or manage third-party distributors, which may incur additional selling expenses.

Our general and administrative expenses consist primarily of (i) employee benefit expenses for our management and administrative staff, (ii) listing expenses, and (iii) professional service and commission expenses for legal, financial advisory, consulting, auditing and tax services. Our general and administrative expenses accounted for 15.0%, 19.0%, 19.8% and 30.4% of our total costs and expenses in 2017, 2018 and the four months ended April 30, 2018 and 2019, respectively. We also expect our general and administrative expenses to increase in future periods to support the development and commercialization of our drug candidates and in-licensed drug. We expect such increase to come from increased headcount, increased employee salaries and benefits, and expanded infrastructure. We also anticipate increased legal, compliance, accounting and investor and public relations expenses associated with being a public company in Hong Kong.

Funding for Our Operations

We fund our operations primarily through equity and convertible financial instruments financing, as well as bank loans. During the Track Record Period, we raised US$102.0 million through issuance of convertible bonds, all of which were converted to Class A Preferred Shares, and Class B Preferred Shares. See "History and Development" for details. We had bank borrowings of RMB30.0 million, RMB0.5 million, nil and RMB60.0 million as of December 31, 2017 and 2018, April 30, 2019 and August 31, 2019, respectively, and incurred interest expenses on bank borrowings of RMB0.1 million and RMB2.1 million, RMB0.6 million and RMB7,000 in 2017, 2018 and the four months ended April 30, 2018 and 2019, respectively. We also funded part of our working capital through our commission revenue from marketing S-1, providing CDMO and CMO services and the out-licensing of TAB014. Going forward, in the event of successful commercialization of one or more of our drug candidates, we expect an increasing portion of the funding for our operations to be contributed by revenue generated from the sales of our commercialized drugs. However, with the continuing expansion of our business, we may require further funding through public or private offerings, debt financing, collaboration and licensing arrangements or other sources.

Demand for Our Drug Candidates and Competition Landscape for Biologics

The market opportunities for our drug candidates rely on the continued growth in the demand for biologics, in particular mAb drugs. China's biologics industry is a relatively nascent industry with strong growth potential, and accordingly we may face competition from both established multinational pharmaceutical companies investing in this space as well as China-based biopharmaceutical companies like us.

In China, biologics currently constitute a significantly smaller segment of the oncology drug market in terms of sales revenue compared to chemical drugs. However, the China's biologics market is expected to grow significantly faster with an increasing share of the overall pharmaceutical market over time. According to the Frost & Sullivan Report, in terms of sales revenue, the overall Chinese biologics market grew at a CAGR of 22.4% from RMB116.7 billion in 2014 to RMB262.2 billion in 2018, and is projected to further grow at a CAGR of 19.6% to RMB641.2 billion in 2023. See "Industry Overview — China's Biologics Market — Growth Drivers of China's Biologics Market" for details on the key drivers of biologics market growth in China.

We believe China's biologics market (including biosimilars) will continue to present significant opportunities for companies that are able to successfully commercialize their drug candidates. As we expect to launch TAB008, our Core Product, in late 2020 or early 2021, we expect to benefit from such growth trends and capture market share in the relevant indications.

CRITICAL ACCOUNTING POLICIES

Our significant accounting policies are set forth in Note 2 to our consolidated financial statements included in Appendix I — "Accountant's Report" to this prospectus. The preparation of our consolidated financial statements requires our management to make judgments, estimates and assumptions that affect the application of policies and the amounts reported in our consolidated financial statements. These judgments, estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments that are not readily apparent from other sources. Actual results could differ significantly. We have identified the following accounting policies as critical to an understanding of our financial condition and results of operations, because the application of these policies requires significant management judgments, estimates and assumptions, and the reporting of materially different amounts could result if different judgments were made or different estimates or assumptions were used.

Revenue Recognition

We earn revenue from providing CDMO services to other pharmaceutical companies. Contract duration are generally less than one year and include a single performance obligation as delivery of integrated services over a period of time. The contract is normally at fixed price and paid according to milestones specified in the contract. Upfront payments received by the Group is initially recognized as a contract liability. Services revenue is recognized as a performance obligation satisfied over time based on the stage of completion of the contract. We use input method to measure progress towards complete satisfaction of the performance obligation under HKFRS 15.

We earn revenue from providing CMO services to other pharmaceutical companies. Contract duration is generally less than one year. If the contract is early terminated, we are only entitled to the

compensation for the cost of any in-progress or undelivered products. Therefore, the contract is accounted for at point in time upon transfer of the control of the product to the customers which is generally when the customers accept the products. Contract price is generally paid according to payment schedule as agreed in the contract. Upfront payments received by the Group is initially recognized as a contract liability.

We provide license of our intellectual properties to customers as well as providing certain research and development service. The license of intellectual properties and the research and development service are distinct performance obligations. The consideration comprises a fixed element (the upfront payment) and two variable elements (development milestone payment and royalties based on future sales). Initially only fixed consideration is included in the transaction price. The amount of the variable consideration for milestone payments included in the transaction price is determined to be zero at inception, based on the most likely amount and the application of the variable consideration constraint, i.e. such variable consideration is only included in the transaction price when it is highly probable that no significant reversal of revenue when the uncertainty is resolved. The non-refundable upfront payment only relates to the license and R&D service. The upfront payment is allocated between the two performance obligations based on the stand-alone selling price. The sales-based royalty will only be included in the transaction price when actual sales are made.

The control of the license transfers at point in time, when the customer obtains the right to use the underlying intellectual property of the license. Control of the research and development service is transferred over time based on the progress measured using input method. The sales-based royalties are recognized as revenue when the subsequent sales are made.

We earn commission from providing promotion services to customers, which are pharmaceutical companies, helping them to sell their products in the market. We are not the principal for selling those products, as we do not have control over the products to be sold, act as the primary obligor for selling the product, bear any inventory risk nor have any price discretion. The commission is based on pre-determined percentage of the actual monthly sales, and settled with the customers on a quarterly basis, subject to annual price adjustment based on actual volume. We include the price adjustment in the transaction price such that it is highly probable that there will not be significant reversal of revenue in future when the uncertainty is resolved. The right to consideration relating to price adjustment is recorded as contract assets and it will be transferred to receivables when the right is unconditional except for passage of time. We are not the principal in selling the products. Accordingly, we recognize commission revenue at the net amount to which we expect to be entitled in exchange for its service.

We sell certain nutritional supplements to cancer patients. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location where the risks of obsolescence and loss have been transferred to the client, and either the client has accepted the products in accordance with the sales contract, or we have objective evidence that all criteria for acceptance have been satisfied. The price is normally fixed and with no sales discount or volume rebate. Goods return is very rare.

Research and Development Expenses

Development costs incurred on our drug candidates are capitalized and deferred only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use

or sale, our intention to complete and our ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources needed to complete the project and the ability to measure reliably the expenditure during the development. The Group generally considers that capitalization criteria are met upon receipt of regulatory approval. Development costs which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalized requires our management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. During the Track Record Period, all expenses incurred for research and development activities were expensed when incurred.

Impairment of Property, Plant and Equipment

We assess impairment based on our subjective judgment and determine the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes of economic circumstances or estimates due to the change of our strategy might cause material impairment on assets in the future.

Estimation of Fair Value of Financial Instruments

The financial instruments issued by our Company, including convertible bonds and convertible preferred shares, are not traded in an active market, and their respective fair values are determined using valuation techniques. The discounted cash flow method was used to determine the total equity value of our Company and the binomial model was adopted to determine the fair value of the convertible bonds while the binomial model was adopted to determine the fair value of the convertible preferred shares. Key assumptions, such as discount rate, risk-free interest rate and volatility are disclosed in Note 27 and Note 3.3 to Appendix I — "Accountant's Report" to this prospectus.

Lease Term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option, for example, extension options whether to be exercised are determined by the actual research and development period. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

HKFRS 9, HKFRS 15 and HKFRS 16

Adoption of HKFRS 9

HKFRS 9 "Financial Instruments" has replaced the previous standard HKAS 39 "Financial Instruments" and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. We have consistently applied HKFRS 9 to our financial statements during the Track Record Period.

We have assessed the effects of the early adoption of HKFRS 9 on our financial statements as compared to the requirements of HKAS 39 and summarized as follows:

(1) all our financial assets and financial liabilities would be measured on the same bases under HKFRS 9 and HKAS 39; except that equity investment of RMB6.5 million, RMB6.8 million and RMB6.5 million as of December 31, 2017 and 2018 and April 30, 2019, respectively, which were not held for the purpose of trading and were recognized as financial assets at fair value through other comprehensive income under HKFRS 9, would have been recognized as available-for-sale financial assets under HKAS 39; and

(2) the application of expected credit loss model under HKFRS 9 would not cause a material impact on the impairment loss allowance for our financial assets measured at amortized cost during the Track Record Period as compared with the incurred loss model under HKAS 39.

Based on the above, we believe that the adoption of HKFRS 9, as compared to the requirements of HKAS 39, did not have any significant impact on our financial position and performance during the Track Record Period.

Adoption of HKFRS 15

HKFRS 15 "Revenue from Contracts with Customers" has replaced the previous standard HKAS 18 "Revenue" and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. We have consistently applied HKFRS 15 to our financial statements during the Track Record Period.

We have assessed the effects of the early adoption of HKFRS 15 on our financial statements as compared to the requirements of HKAS 18 and summarized as follows:

(1) advances from customers of RMB0.2 million, RMB3.0 million and RMB0.5 million as of December 31, 2017 and 2018 and April 30, 2019, respectively, under HKAS 18, were classified as contract liabilities under HKFRS 15; and

(2) unbilled revenue of RMB2.2 million, RMB2.1 million and RMB4.7 million as of December 31, 2017 and 2018 and April 30, 2019, respectively, under HKAS 18, were recognized as contract assets under HKFRS 15.

Based on the above, we believe that the adoption of HKFRS 15, as compared to the requirements of HKAS 18, did not have any significant impact on our financial position and performance during the Track Record Period.

Adoption of HKFRS 16

HKFRS 16 "Leases" has replaced the previous standard HKAS 17 "Lease" and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2019 and earlier application is permitted. We have consistently applied HKFRS 16 to our financial statements during the Track Record Period.

We have assessed the effects of the early adoption of HKFRS 16 on our financial statements as compared to the requirements of HKAS 17 and summarized as follows:

(1) Future operating lease commitments (except for short-term leases and low value assets) were recognized in the form of an asset (for the right of use) and a financial liability (for the payment obligation) under HKFRS 16, which would be disclosed as future operating lease commitments outside of the consolidated balance sheets under HKAS 17; and

(2) Under HKFRS 16 , each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period. The right-of-use asset is depreciated over the lease term on a straight line basis. No material impact to the consolidated financial statements is resulted as compared to the recognition of operating lease expenses under HKAS 17.

Based on the above, we believe that the adoption of HKFRS 16, as compared to the requirements of HKAS 17, did not have any significant impact to our financial position, key financial ratios (including gearing ratio, current ratio and quick ratio) and performance during the Track Record Period.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	Year ended December 31,		Four months ended April 30,	
	2017	**2018**	**2018**	**2019**
	(in thousands of RMB)			
			(unaudited)	
Revenue	51,608	39,219	9,218	18,163
Cost of revenue	(4,242)	(5,980)	(180)	(4,911)
Research and development expenses	(105,935)	(188,651)	(34,100)	(48,295)
Selling expenses	(28,886)	(38,935)	(11,358)	(11,105)
General and administrative expenses	(24,514)	(54,638)	(11,263)	(28,080)
Other gains/(losses) – net	6,000	11,808	987	(3,134)
Operating loss	(105,969)	(237,177)	(46,696)	(77,362)
Finance income	470	727	192	1,344
Finance costs	(277)	(2,404)	(583)	(267)
Finance income/(costs) – net	193	(1,677)	(391)	1,077
Fair value change in financial instruments issued to investors	(42,911)	(29,409)	(23,203)	(26,066)
Loss before income tax	(148,687)	(268,263)	(70,290)	(102,351)
Income tax expense	—	—	—	—
Loss for the year/period and attributable to the equity holders of the Company	(148,687)	(268,263)	(70,290)	(102,351)

Revenue

During the Track Record Period, we generated revenue primarily from various arrangements with our strategic business partners, including (i) commission for marketing services in connection with the commercialization of S-1, a oncology drug licensed by Taiho Pharmaceutical; (ii) providing CDMO and CMO services to several pharmaceutical companies; and (iii) out-license fee we received in respect of TAB014. See "Business — Collaboration with Strategic Business Partners" for details of the arrangements with these business partners. The following table sets forth a breakdown of our revenue for the periods indicated:

	Year ended December 31,		Four months ended April 30,	
	2017	**2018**	**2018**	**2019**
	(in thousands of RMB)			
			(unaudited)	
Commission	29,219	26,111	8,980	10,027
CDMO and CMO services	6,540	12,474	238	7,949
Licensing	15,849	—	—	—
Others[(1)]	—	634	—	187
Total	51,608	39,219	9,218	18,163

Note:

(1) Consists of revenue from the sales of certain nutritional supplements for oncology patients.

Our commission revenue decreased by 10.6% from RMB29.2 million in 2017 to RMB26.1 million in 2018. The decrease was primarily attributable to a significant decrease in the price of S-1 in China due to increased competition. As a result of the price reduction, the total sales of S-1 decreased significantly, and the commission per capsule also decreased. The effect was partially offset by a 5.8% increase in the sales volume as a result of our promotional and marketing efforts. Our commission revenue increased by 11.7% from RMB9.0 million in the four months ended April 30, 2018 to RMB10.0 million in the four months ended April 30, 2019. The increase was primarily attributable to a 4.6% increase in the sales volume of S-1, which was primarily a result of promotional and marketing efforts, while the price remained largely stable.

Our revenue from CMO & CDMO services increased by 90.7% from RMB6.5 million in 2017 to RMB12.5 million in 2018, primarily because (i) a majority of the products under the contract with one major CMO customer were delivered in 2018, and (ii) we engaged with an additional customer in 2018. This was partially offset by a decrease in our CDMO services revenue due to smaller project sizes. Our revenue from CMO & CDMO services increased significantly from RMB0.2 million in the four months ended April 30, 2018 to RMB7.9 million in the four months ended April 30, 2019, primarily because a contract with a major CMO customer entered into in August 2018 was completed in the first four months in 2019.

Our licensing revenue was RMB15.8 million in 2017, representing the upfront payment and payment for the first milestone, being the receipt of IND approval for TAB014. We expect to receive the payment for the second milestone, being the commencement of Phase II clinical trials for TAB014, in the first half of 2020.

Cost of Revenue

Our cost of revenue primarily consists of employee benefit expenses allocated to staff hours spent on, raw materials used for and amortization and depreciation relating to the facilities, equipment and software for the purpose of providing CDMO and CMO services as well as the cost of sales of certain nutritional supplements for oncology patients. The following table sets forth a breakdown of our cost of revenue for the periods indicated:

	Year ended December 31,		Four months ended April 30,	
	2017	**2018**	**2018**	**2019**
	(in thousands of RMB)			
			(unaudited)	
Employee benefit expenses	2,216	3,314	51	923
Amortization and depreciation	1,135	1,560	82	310
Raw materials	407	448	75	185
Others[(1)]	484	658	(28)	3,493
Total	4,242	5,980	180	4,911

Note:

(1) Includes utilities, repairs and maintenance expenses, cost of goods sold and other cost of CMO service transferred from WIP.

Our cost of revenue increased by 41.0% from RMB4.2 million in 2017 to RMB6.0 million in 2018, primarily due to the increase in our revenue from CDMO and CMO services in 2018.

Our cost of revenue increased significantly from RMB0.2 million in the four months ended April 30, 2018 to RMB4.9 million in the four months ended April 30, 2019, primarily due to the increase in our revenue from CDMO and CMO services in the first four months in 2019.

Research and Development Expenses

Our research and development expenses primarily consist of (i) expenses for clinical trials, including expenses incurred in the engagement of clinical trial sites and principal investigators, patients recruitment, procurement of reference drugs, medical imaging, testing and data analytics, (ii) employee benefit expenses for our research and development staff, (iii) research and development materials and consumables such as cell culture media, (iv) amortization and depreciation relating to the facilities, equipment and software for research and development purposes, and (v) third-party contracting costs for

non-clinical research. The following table sets forth a breakdown of our research and development expenses by nature for the periods indicated:

	Year ended December 31,		Four months ended April 30,	
	2017	2018	2018	2019
	(in thousands of RMB)			
			(unaudited)	
Clinical trials	41,230	90,462	12,188	8,039
Employee benefit expenses	19,803	39,752	10,567	13,613
R&D materials and consumables	11,412	13,581	2,870	9,212
Amortisation and depreciation	9,926	12,151	4,534	7,170
Other third-party research contracting costs	7,454	10,094	1,566	670
Utilities	3,789	9,217	1,958	3,896
Others[(1)]	12,321	13,394	417	5,695
Total	105,935	188,651	34,100	48,295

Note:

(1) Includes repairs and maintenance expenses, traveling expenses, office leasing expenses and conference fees.

Research and development expenses attributable to TAB008 were RMB53.1 million, RMB107.4 million and RMB14.5 million, respectively, in 2017, 2018 and the four months ended April 30, 2019, representing 50.1%, 56.9% and 30.0% of our total research and development expenses of the respective periods.

Our research and development expenses increased by 78.1% from RMB105.9 million in 2017 to RMB188.7 million in 2018. The increase was primarily because our Core Product had reached Phase III clinical trials, leading to (i) an increase in expenses in relation to clinical trials principally incurred for the purchase of reference drugs and (ii) an increase in the employment benefit expenses for our research and development staff due to increased headcount and share-based compensation expenses.

Our research and development expenses increased by 41.6% from RMB34.1 million in the four months ended April 30, 2018 to RMB48.3 million in the four months ended April 30, 2019, primarily due to (i) an increase in the employment benefit expenses for our research and development staff due to increased headcount and increased compensation; (ii) an increase in R&D materials and consumables primarily in relation to the advancement of clinical trials of our various candidates and (iii) an increase in amortisation and depreciation after the completion of our No.2 Campus of our Suzhou Production Center, which resulted in an increase in our property, equipment and plant for purpose of research and development. The increase was partially offset by a decrease in clinical trial expenses. As the Phase III clinical trials of TAB008 progressed, we incurred fewer costs in purchasing reference drugs and recruiting patients in the first four months of 2019 as compared to the same period in 2018.

Selling Expenses

Our selling expenses primarily consist of (i) employee benefit expenses for our sales and marketing staff, (ii) conference fees for hosting oncology industry forums, (iii) marketing and promotion expenses for hosting social events as part of our sales and marketing efforts and (iv) travelling expenses. The following table sets forth a breakdown of our selling expenses for the periods indicated:

	Year ended December 31,		Four months ended April 30,	
	2017	**2018**	**2018**	**2019**
	(in thousands of RMB)			
			(unaudited)	
Employee benefit expenses	14,794	21,262	7,026	7,260
Conference fee	4,678	6,657	1,244	501
Marketing and promotion expenses	5,501	6,317	2,179	1,926
Travelling expenses	2,582	3,208	785	999
Others[(1)]	1,331	1,491	124	419
Total	28,886	38,935	11,358	11,105

Note:

(1) Includes promotion and advertisement expenses, repairs and maintenance expenses and amortization and depreciation.

Our selling expenses increased by 34.8% from RMB28.9 million in 2017 to RMB38.9 million in 2018. The increase was primarily attributable to (i) an increase in our employment benefit expenses for our sales and marketing staff due to increased headcount and share-based compensation expenses and (ii) an increase in our conference fees as we hosted more industry forums to promote and maintain our brand.

Our selling expenses remained largely stable at RMB11.4 million and RMB11.1 million in the four months ended April 30, 2018 and 2019, respectively.

General and Administrative Expenses

Our general and administrative expenses primarily consist of (i) employee benefit expenses for our management and administrative staff, (ii) listing expenses and (iii) professional service and commission expenses for legal, financial advisory, consulting, auditing and tax services. The following table sets forth a breakdown of our general and administrative expenses for the periods indicated:

	Year ended December 31,		Four months ended April 30,	
	2017	**2018**	**2018**	**2019**
		(in thousands of RMB)		
			(unaudited)	
Employee benefit expenses	12,922	21,498	6,122	6,659
Professional services and commission expenses	1,614	11,735	240	1,991
Listing expenses	—	8,572	—	14,517
Travelling expenses	1,545	2,518	460	701
Conference fee	1,298	1,858	531	685
Amortization and depreciation	2,420	1,932	609	1,086
Other third-party research contracting costs	1,370	1,196	18	—
Promotion and advertisement expense	273	682	132	2
Others[(1)]	3,072	4,647	3,151	2,439
Total	24,514	54,638	11,263	28,080

Note:

(1) Includes office leasing expenses, taxes, repairs and maintenance expense, marketing and promotion expenses, auditor remuneration and utilities.

General and administrative expenses increased significantly from RMB24.5 million in 2017 to RMB54.6 million in 2018, primarily attributable to (i) an increase in the employee benefit expenses for our management and administrative staff due to an increase in headcount and compensation, (ii) listing expenses and (iii) commission expenses payable to the financial advisor in connection with our equity financing in 2018.

Our general and administrative expenses increased significantly from RMB11.3 million in the four months ended April 30, 2018 to RMB28.1 million in the four months ended April 30, 2019, primarily attributable to (i) listing expenses and (ii) a significant increase in expenses for professional services, which primarily consisted of consulting services in relation to tax, valuation and internal control.

Other Gains/(Losses) – Net

Other gains and losses primarily consist of (i) government grants, (ii) fair value gains on wealth management products at fair value through profit or loss, (iii) net foreign exchange losses, and (iv) loss

on disposals of property, plant and equipment, among other things. The following table sets forth a breakdown of other gains and losses for the periods indicated:

	Year ended December 31,		Four months ended April 30,	
	2017	2018	2018	2019
	(in thousands of RMB)			
			(unaudited)	
Government grants	4,733	12,514	1,550	111
Net foreign exchange losses	(382)	(1,191)	(733)	(3,661)
Loss on disposals of property, plant and equipment	(184)	(5)	—	—
Fair value gains on wealth management products at fair value through profit or loss	947	628	198	140
Others[(1)]	886	(138)	(28)	276
Total	6,000	11,808	987	(3,134)

Note:

(1) Includes cash surrenders from the termination of certain insurance policies and cleaning service fees.

Government Grants

Our government grants mainly consist of incentives and other subsidies for research and development activities and interest subsidies, which are recognized as income in the period in which we recognize expenses for the related costs for which the grants are intended to compensate.

Our government grants increased significantly from RMB4.7 million in 2017 to RMB12.5 million in 2018, primarily relating to an increase in government incentives granted according to the progress of the clinical development of our drug candidates and the increase in our research and development expenditure in the relevant years.

Our government grants decreased significantly from RMB1.6 million in the four months ended April 30, 2018 to RMB0.1 million in the four months ended April 30, 2019, primarily because we had not received the any R&D-related government grants by April 30, 2019 due to the timing of application and disbursement of such grants. In June 2019, RMB0.5 million of R&D-related government grants were disbursed to us.

Net Foreign Exchange Losses

Our net foreign exchange losses increased significantly from RMB0.4 million in 2017 to RMB1.2 million in 2018 and increased significantly from RMB0.7 million in the four months ended April 30, 2018 to RMB3.7 million in the four months ended April 30, 2019. Such increases were mainly because US dollars depreciated after we received proceeds from the issuance of our convertible preferred shares

denominated in US dollars in September 2018. See "History and Development — Major Changes to Our Company's Issued Share Capital Since Its Establishment — Issuance of the Convertible Bonds in 2017 and 2018" for details.

Fair Value Gains on Wealth Management Products at Fair Value through Profit or Loss

We had fair value gains on wealth management products at fair value through profit or loss of RMB0.9 million, RMB0.6 million, RMB0.2 million and RMB0.1 million in 2017, 2018 and the four months ended April 30, 2018 and 2019, respectively, as a result of our investments in principal-guaranteed wealth management products with variable rate of return issued by banks and other financial institutions for cash management purposes. See "— Consolidated Balance Sheets — Financial Assets at Fair Value through Profit or Loss" for details of our cash management policies and risk control measures relating to these wealth management products.

Finance Income

Our finance income includes interest income on bank deposits, which increased significantly from RMB52,000 in 2017 to RMB0.7 million in 2018 and increased significantly from RMB0.2 million in the four months ended April 30, 2018 to RMB1.3 million in the four months ended April 30, 2019 due to the significant increase in the average balance of our bank deposits since the second half of 2018.

Finance income also includes interest from financial assets held for cash management purposes of RMB0.4 million in 2017. We did not invest in such financial assets in 2018 or 2019. See "— Consolidated Balance Sheets — Financial Assets at Fair Value through Profit or Loss" for details of our cash management policies and risk control measures relating to these financial assets.

Finance Costs

Our finance costs consist of interest expenses on bank borrowings and interest expenses on lease liabilities.

Interest expenses on bank borrowings increased significantly from RMB0.1 million in 2017 to RMB2.1 million in 2018, primarily because we obtained a new bank loan in late 2017 which we repaid in October 2018 to finance the development of our drug candidates as well as other working capital and capital expenditure needs. Interest expenses on bank borrowings decreased significantly from RMB0.6 million in the four months ended April 30, 2018 to RMB7,000 in the four months ended April 30, 2019, primarily because we repaid our bank loans in March 2019. See "— Indebtedness" for details.

Interest expenses on lease liabilities increased from RMB0.1 million in 2017 to RMB0.3 million in 2018, reflecting an increase in our property leases. Interest expenses on lease liabilities increased significantly from RMB29,000 in the four months ended April 30, 2018 to RMB0.3 million in the four months ended April 30, 2019, reflecting an increase in our property leases.

Fair Value Change in Financial Instruments Issued to Investors

Our financial instruments issued to investors include the convertible bonds issued in 2017 and the Class A and Class B preferred shares issued in 2018. See "History and Development — Major Changes to Our Company's Issued Share Capital Since Its Establishment — Issuance of the Convertible Bonds in

2017 and 2018" for a summary of the terms of the convertible bonds and "— Consolidated Balance Sheets — Financial Instruments Issued to Investors" for details.

The fair value change in the financial instruments issued to investors was determined mainly with reference to the total equity value of our Group, which was determined by an independent valuer. For key assumptions in the valuation, see Note 27 to Appendix I — "Accountant's Report" to this prospectus. We had fair value losses on financial instruments issued to investors of RMB42.9 million, RMB29.4 million, RMB23.2 million and RMB26.1 million in 2017, 2018 and the four months ended April 30, 2018 and 2019, respectively, which reflect increases in the fair value of these financial instruments.

Income Tax Expense

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. The taxation in each jurisdiction where we operate is summarized below.

Hong Kong

No provision for Hong Kong profits tax has been provided for at the rate of 16.5% as we have no estimated assessable profit.

China

No provision for PRC profits tax has been provided for at a rate of 25% or 15% pursuant to the EIT Law and the respective regulations as our PRC-incorporated subsidiaries have no estimated assessable profits.

TOT Suzhou received the recognition of "High and New Technology Enterprise" under the relevant PRC laws and regulations, which is valid for a three-year period, in 2014 and 2017. Accordingly, TOT Suzhou is entitled to a preferential income tax rate of 15% on its estimated assessable profits commencing from 2014 to 2020. According to the relevant laws and regulations promulgated by the SAT effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim 150% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year.

Taiwan

The applicable Taiwan corporate income tax rate was 17% for the year ended December 31, 2017. The rate was adjusted to 20% starting from January 1, 2018. We had no income tax expense in 2017, 2018 and the four months ended April 30, 2018 and 2019.

CONSOLIDATED BALANCE SHEETS

The following table sets forth selected information from our consolidated balance sheets as of the dates indicated:

	As of December 31,		As of 30 April,
	2017	2018	2019
	(in thousands of RMB)		
ASSETS			
Non-current assets			
Property, plant and equipment	201,888	294,420	298,580
Prepayments for property, plant and equipment	22,327	7,042	4,497
Right-of-use assets	16,661	29,324	30,233
Intangible assets	730	1,901	1,928
Financial assets at fair value through other comprehensive income	6,455	6,810	6,490
Other non-current assets	28,022	38,054	46,357
Total non-current assets	276,083	377,551	388,085
Current assets			
Inventories	980	3,105	1,154
Trade receivables and other receivables	6,500	9,694	12,205
Prepayments	5,872	10,745	17,343
Contract assets	2,206	2,060	4,675
Financial assets at fair value through profit or loss	47,835	17,332	27,344
Cash and cash equivalents	24,581	256,751	139,406
Total current assets	87,974	299,687	202,127
Total assets	364,057	677,238	590,212
EQUITY			
Share capital	537,859	537,859	537,859
Other reserves	24,980	31,449	50,613
Accumulated losses	(485,523)	(753,786)	(856,137)
Capital and reserves attributable to the equity holders of the Company	77,316	(184,478)	(267,665)
Total equity/(deficit)	77,316	(184,478)	(267,665)

	As of December 31,		As of 30 April,
	2017	2018	2019
	(in thousands of RMB)		
LIABILITIES			
Non-current liabilities			
Financial instruments issued to investors	236,776	773,767	783,885
Borrowings	27,000	—	—
Lease liabilities	1,178	12,810	13,851
Total non-current liabilities	264,954	786,577	797,736
Current liabilities			
Borrowings	3,000	500	—
Accruals and other payables	17,747	69,300	57,126
Contract liabilities	207	3,022	528
Lease liabilities	833	2,317	2,487
Total current liabilities	21,787	75,139	60,141
Total liabilities	286,741	861,716	857,877
Total equity and liabilities	364,057	677,238	590,212
Net current assets	66,187	224,548	141,986
Total assets less current liabilities	342,270	602,099	530,071

Inventories

During the Track Record Period, our inventories primarily consisted of work in progress and finished goods in relation to our CMO services and the sales of certain nutritional supplements for oncology patients. Our inventories significantly increased from RMB1.0 million as of December 31, 2017 to RMB3.1 million as of December 31, 2018, and decreased to RMB1.2 million as of April 30, 2019. The increase from December 31, 2017 to December 31, 2018 in inventories was primarily attributable to the growth of our CMO services and the decrease from December 31, 2018 to April 30, 2019 primarily due to the delivery of finished products to a major CMO customer in the first four months of 2019.

Inventories in the amount of RMB0.4 million, which accounted for 38.9% of our inventories as of April 30, 2019, had been consumed by August 31, 2019.

Trade Receivables and other Receivables

Trade Receivables

For our marketing services in connection with the commercialization of S-1, we settled commission with our customer on a quarterly basis with a credit term of 30 days. We typically grant a credit term to customers of our CDMO and CMO services ranging from 15 days to 60 days from the issuance of invoice. The following table sets forth our trade receivables as of the dates indicated:

	As of December 31,		As of April 30,
	2017	2018	2019
	(in thousands of RMB)		
Trade receivables	6,106	6,938	9,014
Less: provision for impairment of trade receivables	—	—	—
Trade receivables – net	6,106	6,938	9,014

Our trade receivables increased from RMB6.1 million as of December 31, 2017 to RMB6.9 million as of December 31, 2018, primarily attributable to the growth of our CDMO and CMO services. Our trade receivables increased from RMB6.9 million as of December 31, 2018 to RMB9.0 million as of April 30, 2019, which is primarily attributable to the increase in receivables corresponding to commission revenue.

The following table sets forth the aging analysis of our trade receivables based on invoice date:

	As of December 31,		As of April 30,
	2017	2018	2019
	(in thousands of RMB)		
Within 30 days	3,714	4,792	4,661
31 days to 90 days	1,386	2,146	4,265
91 days to 180 days	—	—	88
Over 181 days	1,006	—	—
Total	6,106	6,938	9,014

Trade receivables in the amount of RMB6.8 million, which accounted for 75.2% of our trade receivables as of April 30, 2019, had been settled by August 31, 2019.

Other Receivables

The following table sets forth our other receivables as of the dates indicated:

	As of December 31,		As of April 30,
	2017	2018	2019
	(in thousands of RMB)		
Advance to a supplier	—	2,504	2,445
Other receivables	394	252	746
Less: provision for impairment of other receivables	—	—	—
Other receivables – net	394	2,756	3,191

Other receivables increased from RMB0.4 million as of December 31, 2017 to RMB2.8 million as of December 31, 2018 and further increased to RMB3.2 million as of April 30, 2019. The increase between December 31, 2017 and December 31, 2018 was primarily due to an advance to a supplier of certain nutritional supplements for oncology patients. The supplier shall repay the outstanding balance upon the termination of the advance agreement within 60 days on an interest-free basis. The increase in other receivables between December 31, 2018 and April 30, 2019 was primarily attributable to increased advance payment to employees funding certain conferences and marketing and promotional activities.

Prepayments

Our prepayments increased from RMB5.9 million as of December 31, 2017 to RMB10.7 million as of December 31, 2018, primarily due to (i) prepayments for listing expenses of RMB2.9 million as of December 31, 2018; (ii) prepayments for inventories of RMB2.5 million as of December 31, 2018, given both of (i) and (ii) were inapplicable as of December 31, 2017, and (iii) an increase in other prepayments from RMB0.8 million as of December 31, 2017 to RMB3.1 million as of December 31, 2018, which was primarily due to renovation and maintenance of our research and development facilities and an increase in utilities expenses as a result of the commencement of operations at the No. 2 Campus of our Suzhou Production Center. The increase was partially offset by a decrease in prepaid research expenses from RMB3.6 million as of December 31, 2017 to RMB0.2 million as of December 31, 2018, primarily a result of certain prepayments for reference drugs and the recruitment of patients and principal investigators in relation to the Phase III clinical trials of TAB008, which commenced in 2017.

Our prepayments increased from RMB10.7 million as of December 31, 2018 to RMB17.3 million as of April 30, 2019, primarily due to (i) an increase in prepayments for listing expenses from RMB2.9 million as of December 31, 2018 to RMB7.4 million as of April 30, 2019; (ii) an increase in prepayments for consumables from RMB1.9 million as of December 31, 2018 to RMB3.3 million as of April 30, 2019, primarily reflecting the increase in relevant expenses in relation to the advancement of the clinical trials of our various candidates and (iii) prepaid research expenses increased from RMB0.2 million as of December 31, 2018 to RMB1.2 million as of April 30, 2019, primarily a result of certain prepayments for the recruitment of patients and principal investigators in relation to the Phase III clinical trials of TAB008.

Contract Assets

We had contract assets of RMB2.2 million, RMB2.1 million and RMB4.7 million as of December 31, 2017 and 2018 and April 30, 2019, respectively. Our contract assets primarily relate to our CDMO services and commission in connection with the commercialization of S-1, representing our right to consideration for goods transferred or services rendered that is not yet unconditional under the relevant contractual arrangements.

Financial Assets at Fair Value through Profit or Loss

Our financial assets at fair value through profit or loss represent our investments in wealth management products or other short-term financial products issued by banks and other financial institutions, which are unsecured with variable rate of return on investments and with original maturity of less than or equal to one year. Such financial products come with an anticipated return rate ranging from 2.20% to 4.30% per annum for the years ended December 31, 2017 and 2018 and for the four months ended April 30, 2019, respectively. The balance of our financial assets at fair value through profit or loss was RMB47.8 million, RMB17.3 million and RMB27.3 million as of December 31, 2017 and 2018 and April 30, 2019, respectively.

As part of our treasury management, we invest in certain principal-protected short-term financial products to better utilize excess cash when our cash sufficiently covers our ordinary course of business. We have implemented a series of internal control policies and rules setting forth overall principles as well as detailed approval process of our investment activities. Our investment management personnel report the returns and status of the investments to the vice general manager in charge of the general management division on a regular basis. Our Board reviews the performance of our investment activities on a quarterly basis. Our Audit and Connected Transactions Review Committee oversees our investments and is authorized to engage external auditors to perform special audit on a particular investment.

We adopt a prudent approach in selecting wealth management products. Our investment decisions are made on a case-by-case basis and after due and careful consideration of a number of factors, such as duration of investment and the expected returns. To control our risk exposure, we have in the past sought, and may continue in the future to seek, investments that provide guaranteed principal as well as other low-risk financial products that provide higher investment returns than demand deposits at commercial banks. Additionally, we mainly invest in financial products offered by state-owned or reputable financial institutions in China. We determine the risk level of the financial products with reference to the risk classifications provided by the relevant banks or issuers.

We generally select financial products with terms of no longer than 12 months or with flexible redemption conditions. After making an investment, we closely monitor the performance and fair value of the financial products we invested in. We timely adjust our exposure based on a number of factors, including, among others, prevalent market conditions, investment performance and our expectation of investment gains as set forth in the initial investment plans. Our financial department is primarily responsible for taking action when identifying any adverse change to our investments.

We have implemented internal procedures to ensure the reasonableness of fair value measurement on the level 3 financial assets. Our finance personnel is responsible for managing the valuation of level 3 instruments for financial reporting purposes. Our finance personnel manage the valuation exercise of the financial assets on a case-by-case basis. The valuation of our wealth management products was

performed by the management team using discounted cash flow model based on the expected interest rate per annum provided by the instruments. As part of our Directors' review of the financial information of the Group, our Directors review the fair value measurement assessment of level 3 financial assets presented by our finance personnel, taking into account the significant unobservable inputs and the applicable valuation techniques, and determine if the fair value measurement of level 3 financial assets is in accordance with the applicable HKFRS.

Our Directors are satisfied with the valuation exercise for financial assets categorized as level 3 financial instruments in our historical financial information for the purpose of preparing the Accountant's Report set out in Appendix I to this Prospectus.

The reporting accountant's opinion on our historical financial information for the Track Record Period is set out in Appendix I to this Prospectus.

The Sole Sponsor has held discussions with the management and the Reporting Accountant to (i) understand the nature of the Group's financial instruments requiring level 3 measurements under the fair value classification; and (ii) understand and assess the reasonableness of the valuation methodology, data inputs and the valuation process involved in the valuation of these wealth management products adopted by our Company. It is understood that the financial instruments subscribed by the Group were issued by two licensed banks in the PRC, and that the nature of these instruments is comparable to fixed deposits with variable rates of return. The Sole Sponsor has also obtained and reviewed (i) the underlying transaction agreements in respect of the wealth management products the Group has subscribed; and (ii) the internal policies and procedures implemented by the Group in relation to liquidity, investment deposits, borrowing and financial instruments management. Given the above, the Sole Sponsor is satisfied that the valuation methodology and major inputs used in the valuation of the Group's level 3 financial instruments in its historical financial information are fair and reasonable.

Accruals and Other Payables

The following table sets forth the components of accruals and other payables:

	As of December 31,		As of April 30,
	2017	**2018**	**2019**
	(in thousands of RMB)		
Staff salaries and welfare payables	7,705	9,605	7,212
Payables for purchase of property, plant and equipment	4,143	18,448	7,264
Accrued CRO expenses	2,157	27,419	21,336
Accrued listing expenses	—	5,679	14,846
Accrued office expenses and others	2,618	4,456	4,651
Others[(1)]	1,124	3,693	1,817
Total	17,747	69,300	57,126

Note:

(1) Consists of (i) accrued promotion and advertisement fee and (ii) payables due to related parties.

Our accruals and other payables increased from RMB17.7 million as of December 31, 2017 to RMB69.3 million as of December 31, 2018. The increase was primarily attributable to (i) accrued CRO expenses, primarily attributable to the Phase III clinical trials of TAB008 and (ii) payables for purchase of property, plant and equipment relating to the construction of No.2 Campus of our Suzhou Production Center, and (iii) accrued listing expenses.

Our accruals and other payables decreased from RMB69.3 million as of December 31, 2018 to RMB57.1 million as of April 30, 2019. The decrease was primarily attributable to (i) a decrease in payables for purchase of property, plant and equipment after the completion of No.2 Campus of our Suzhou Production Center in the first four months of 2019; (ii) a decrease in accrued CRO expenses, reflecting the decrease in our overall clinical trial expenses, and (iii) a decrease in staff salaries and welfare payables resulting from the disbursement of annual bonuses. The decrease was partially offset by a significant increase of accrued listing expenses from RMB5.7 million to RMB14.8 million.

Contract Liabilities

Contract liabilities arise when customers of our CDMO and CMO services make upfront payments or milestone payments to us, which generally represent prepayment for our works up to the next milestone and thus exceed the revenue recognized to date. See "— Critical Accounting Policies — Revenue Recognition" for details of our revenue recognition policies in relation to CDMO and CMO services. As of December 31, 2017, we had contract liabilities of RMB0.2 million, which was attributable to our CDMO services. As of December 31, 2018, we had contract liabilities of RMB3.0 million, of which RMB1.3 million was attributable to our CMO services and the remaining RMB1.7 million was attributable to our CDMO services. As of April 30, 2019, we had contract liabilities of RMB0.5 million, which was attributable to our CDMO services.

Property, Plant and Equipment

Our property, plant and equipment consists of building, plant and equipment machinery and vehicles, testing equipment, office equipment and construction in progress. Our property, plant and equipment increased by 45.8% from RMB201.9 million as of December 31, 2017 to RMB294.4 million as of December 31, 2018. The increase was primarily attributable to the construction of the No.2 Campus of our Suzhou Production Center.

Our property, plant and equipment remained largely stable at RMB294.4 million as of December 31, 2018 to RMB298.6 million as of April 30, 2019, respectively.

Financial Assets at Fair Value through Other Comprehensive Income

The balance of financial assets at fair value through other comprehensive income was RMB6.5 million, RMB6.8 million and RMB6.5 million as of December 31, 2017 and 2018 and April 30, 2019, respectively, representing our equity investment in Lumosa Therapeutics, an associate of Centerlab. The shares of Lumosa Therapeutics are listed on the Taipei Exchange, an over-the-counter market in Taiwan, and the fair value of our equity investment is measured by the quoted market price of the shares. We do not plan to liquidate this investment in the near future.

Financial Instruments Issued to Investors

The following table sets forth a breakdown of financial instruments issued to investors as of the dates indicated:

	As of December 31,		As of April 30,
	2017	2018	2019
	(in thousands of RMB)		
Convertible preferred shares	—	773,767	783,885
Convertible bonds	236,776	—	—
Total	236,776	773,767	783,885

For equity financing purposes, we issued convertible bonds to investors in 2017 and 2018, all of which were converted into Class A Preferred Shares in 2018. See "History and Development — Major Changes to Our Company's Issued Share Capital Since Its Establishment — Issuance of the Convertible Bonds in 2017 and 2018" for a summary of the terms of the convertible bonds. We also issued Class B Preferred Share in 2018 for fund raising. See "History and Development — Major Changes to Our Company's Issued Share Capital Since Its Establishment — Issuance of the Class B Preferred Shares in 2018". The convertible bonds and convertible preferred shares were recorded on a fair value basis. See "— Consolidated Statements of Profit or Loss — Fair Value Change in Financial Instruments Issued to Investors" for details.

Total Equity/(Deficit)

The Company's consolidated net asset recorded net deficit of RMB184.5 million as of December 31, 2018, as compared to the total equity of RMB77.3 million as of December 31, 2017, primarily due to increases in accumulated losses mainly resulting from increases in our research and development expenses in relation to the clinical trials and pre-clinical development of our drug candidates. As of April 30, 2019, the Company's consolidated net asset recorded net deficit of RMB267.7 million, mainly due to convertible preferred shares issued to investors with carrying amount of RMB783.9 million under non-current liabilities. Our convertible preferred shares will be automatically converted to Shares upon the closing of the Global Offering, and as a result, net deficit is expected to turn into net asset upon the conversion. See Note 2.1 and Note 27 to the Accountant's Report set forth in Appendix I to this prospectus for detail.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods indicated:

	As of December 31,		As of April 30,
	2017	2018	2019
Current Ratio[(1)]	4.0	4.0	3.4
Quick Ratio[(2)]	4.0	3.9	3.3
Gearing Ratio[(3)]	7.0%	N/A[(4)]	N/A[(4)]

Notes:

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

(2) Quick ratio is calculated using current assets less inventories and divided by current liabilities as of the same date.

(3) Gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents divided by total equity and multiplied by 100%.

(4) Gearing ratio is not meaningful for our Company due to our net cash position as of December 31, 2018 and April 30, 2019.

Our current ratio and quick ratio remained largely stable as of December 31, 2017 and 2018, and decreased from December 31, 2018 to April 30, 2019. See "— Consolidated Balance Sheets" for discussion of the relevant items affecting our current assets and current liabilities.

Our current ratio and quick ratio decreased from December 31, 2018 to April 30, 2019. The decreases were primarily due to a decrease in the cash and cash equivalents, which were used to fund our operations, while our current liabilities decreased primarily due to a decrease in accrual and other payables.

LIQUIDITY AND CAPITAL RESOURCES

Our management monitors and maintains a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of borrowings and, from time to time, evaluates the options to renew the borrowings upon expiry based on our actual business requirement. We rely on equity and convertible financial instruments financing as well as bank loans as the major sources of liquidity.

We had negative cash flows from our operations during the Track Record Period. A majority of our operating cash outflows resulted from our research and development expenses. Our operating activities used RMB117.4 million, RMB176.8 million, RMB45.9 million and RMB82.7 million in 2017, 2018 and the four months ended April 30, 2018 and 2019, respectively. The following table provides information regarding our cash flows for the periods indicated:

	Year ended December 31,		Four months ended April 30,	
	2017	**2018**	**2018**	**2019**
		(in thousands of RMB)		
			(unaudited)	
Operating cash flows before movements in working capital	(92,869)	(196,467)	(34,291)	(64,109)
Net cash used in operating activities	(117,388)	(176,832)	(45,885)	(82,675)
Net cash (used in)/generated from investing activities	(110,957)	(47,067)	1,765	(30,440)
Net cash generated from/(used in) financing activities	235,179	457,601	116,993	(2,799)
Net increase/(decrease) in cash and cash equivalents	6,834	233,702	72,873	(115,914)

As of December 31, 2017 and 2018 and April 30, 2019, we had cash and cash equivalents of RMB24.6 million, RMB256.8 million and RMB139.4 million, respectively.

Use of Funds

Our primary use of our cash and cash equivalents and other financial assets in all periods presented was for our research and development activities and purchases of property, plant and equipment.

Net Cash used in Operating Activities

In 2017, net cash used in operating activities amounted to RMB117.6 million, which resulted principally from our net loss of RMB148.7 million, adjusted to reflect primarily non-cash charges of (i) fair value change in financial instruments of RMB42.9 million relating to the increase in the fair value of the convertible bonds and (ii) depreciation of RMB12.9 million, which was partially offset by working capital adjustments of RMB24.7 million.

In 2018, net cash used in operating activities amounted to RMB175.1 million, which resulted principally from our net loss of RMB268.3 million, adjusted to reflect primarily non-cash charges of (i) fair value change in financial instruments of RMB29.4 million, (ii) share-based compensation expenses of RMB25.7 million and (iii) depreciation of RMB14.9 million as well as working capital adjustments of RMB21.4 million.

In the four months ended April 30, 2019, net cash used in operating activities amounted to RMB83.9 million, which resulted principally from our net loss of RMB102.4 million, adjusted to reflect primarily non-cash charges of (i) fair value change in financial instruments of RMB26.1 million, (ii) depreciation of RMB8.3 million and (iii) share-based compensation expenses of RMB4.9 million and, which was partially offset by working capital adjustments of RMB19.8 million.

Net Cash (used in)/generated from Investing Activities

In 2017, net cash used in investing activities amounted RMB111.0 million, which was primarily attributable to (i) purchase of property, plant and equipment of RMB111.9 million, (ii) investment in financial assets at fair value through profit or loss of RMB60.3 million and (iii) cash paid in prepayments of property, plant and equipment of RMB22.3 million, partially offset by (i) proceeds from disposal of financial assets at fair value through profit or loss of RMB74.0 million and (ii) proceeds from disposal of financial assets at amortised cost of RMB10.0 million.

In 2018, net cash used in investing activities amounted to RMB47.1 million, which was primarily attributable to (i) investment in financial assets at fair value through profit or loss of RMB116.5 million and (ii) purchase of property, plant and equipment of RMB69.6 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB147.6 million.

In the four months ended April 30, 2019, net cash used in investing activities amounted to RMB30.4 million, which was primarily attributable to purchase of property, plant and equipment of RMB19.5 million and investment in financial assets at fair value through profit or loss of RMB14.0 million, partially offset by proceed from disposal of financial assets at fair value through profit or loss of RMB4.1 million.

Net Cash Generated from/(used in) Financing Activities

In 2017, net cash generated from financing activities amounted to RMB235.2 million, which consisted of (i) proceeds from issuance of convertible bonds of RMB206.5 million and (ii) proceeds from bank borrowings of RMB30.0 million.

In 2018, net cash generated from financing activities amounted to RMB457.6 million, which consisted of (i) proceeds from issuance of Class B preferred shares of RMB391.9 million, (ii) proceeds from issuance of convertible bonds of RMB97.4 million, and (iii) proceeds from bank borrowings of RMB38.7 million, partially offset by (i) repayment of bank borrowings of RMB68.2 million and (ii) payment for listing expenses of RMB1.4 million.

In the four months ended April 30, 2019, net cash used in financing activities amounted to RMB2.8 million, which consisted of (i) payment for listing expenses of RMB1.9 million, (ii) payment of lease liabilities of RMB0.4 million and (iii) repayment of bank borrowings of RMB0.5 million.

Working Capital

We had net current assets of RMB66.2 million, RMB224.5 million, RMB142.0 million and RMB78.7 million as of December 31, 2017 and 2018, April 30 and August 31, 2019, respectively. The following table sets forth a breakdown of our current assets and current liabilities as of the dates indicated:

	As of December 31,		As of April 30,	As of August 31,
	2017	2018	2019	2019
	(in thousands of RMB)			*(unaudited)*
Current assets				
Inventories	980	3,105	1,154	2,513
Trade receivables and other receivables	6,500	9,694	12,205	16,202
Prepayments	5,872	10,745	17,343	28,425
Contract assets	2,206	2,060	4,675	5,789
Financial assets at fair value through profit or loss	47,835	17,332	27,344	46,701
Cash and cash equivalents	24,581	256,751	139,406	113,862
Total current assets	87,974	299,687	202,127	213,492
Current liabilities				
Borrowings	3,000	500	—	60,000
Accruals and other payables	17,747	69,300	57,126	66,862
Contract liabilities	207	3,022	528	5,428
Lease liabilities	833	2,317	2,487	2,533
Total current liabilities	21,787	75,139	60,141	134,823
Net current assets	66,187	224,548	141,986	78,669

Cash Operating Costs

The following table sets forth key information relating to our cash operating costs for the periods indicated.

	For the year ended December 31,		Four months ended April 30,
	2017	**2018**	**2019**
	(in thousands of RMB)		
	(unaudited)	(unaudited)	(unaudited)
R&D cash costs for the Core Product			
Clinical trials expenses	44,916	73,969	17,002
Employee benefits expenses	4,696	6,752	2,475
Research and development materials and consumables expenses	5,061	7,138	3,646
Others	2,598	4,211	1,174
Total R&D cash costs for the Core Product	57,271	92,070	24,297
Total:			
Research and development	101,043	136,511	59,984
Workforce employment(1)	48,002	52,876	29,573
Non-income taxes, royalties and other government charges(2)	903	491	434
Direct production	—	—	—
Commercialization(3)	—	—	—
Contingency allowances	—	—	—
Others(4)	29,267	29,031	12,542

Notes:

(1) Represents all staff costs including salaries, bonus and retirement benefits.

(2) Represents property tax, land tax and stamp duty.

(3) We had not commenced product sales as of the Latest Practicable Date.

(4) Represents business development, branding, marketing and promotion costs.

INDEBTEDNESS

As of December 31, 2017, our borrowing consisted of a secured bank loan with an outstanding balance of RMB30.0 million and effective interest rate of 5.225% per annum, out of which RMB3.0 million were due in one year. We primarily used the proceeds of our bank borrowings to fund our working capital. We repaid this secured bank loan in advance in 2018.

As of December 31, 2018, our borrowings consisted of a credit facility with an outstanding balance of RMB0.5 million and effective interest rate of 5.438% per annum, all of which were due in one year. We primarily used the proceeds of this loan to fund our working capital.

As of April 30, 2019, we had no borrowing. As part of our financing strategies, we generally maintain credit lines as we deem sufficient and draw down available banking facilities based on our working capital conditions. As our banking facilities obtained in 2018 became due and several banks granted us higher credit lines in the first half of 2019, we repaid all of the outstanding balances of our bank loans and incurred RMB60.0 million new bank borrowings in June 2019.

As of August 31, 2019, our borrowings consisted of unsecured bank loans with outstanding balance of RMB60.0 million and effective interest rate of 4.79% per annum, all of which were due in one year.

During the Track Record Period and up to the Latest Practicable Date, we had not been in violation of any of the covenants in the relevant loan agreements. Our Directors confirm that we are not subject to other material financial covenants under any agreements with respect to any bank loans or other borrowings. Our Directors also confirm that there was no delay or default in the repayment of borrowings during the Track Record Period.

As of December 31, 2017 and 2018 and April 30, 2019, we had financial instruments issued to investors of RMB236.8 million, RMB773.8 million and RMB783.9 million, respectively, representing the Convertible Bonds and the Preferred Shares. See "— Consolidated Balance Sheets — Financial Instruments Issued to Investors" for details.

As of December 31, 2017 and 2018, April 30, 2019 and August 31, 2019, our lease liabilities (comprising both current and non-current liabilities) amounted to approximately RMB2.0 million, RMB15.1 million, RMB16.3 million and RMB15.3 million, respectively.

As of August 31, 2019, we had unutilized banking facilities of RMB122.0 million.

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 August 31, 2019. Since August 31, 2019 and up to the Latest Practicable Date, there had not been any material adverse change to our indebtedness.

WORKING CAPITAL CONFIRMATION

The Directors are of the opinion that, taking into account the financial resources available to the Group, including cash and cash equivalents, internally generated funds, available financing facilities and the estimated net proceeds from the Listing, the Group has sufficient working capital to cover at least 125% of our costs, including research and development expenses, business development and marketing expenses, and general, administrative and operating costs (including any production costs) for at least the next 12 months from the date of this prospectus.

CAPITAL EXPENDITURE

We regularly incur capital expenditures to purchase and maintain our property, plant and equipment, in order to enhance our research and development capabilities and expand our business operations. Historically, we funded our capital expenditures mainly through bank borrowings and equity financing. The following table below sets forth our capital expenditures for the periods indicated:

	For the year ended December 31,		Four months ended April 30,
	2017	2018	2019
	(in thousands of RMB)		
Property, plant and equipment	122,298	106,236	11,721
Intangible assets — software	448	1,552	210
Total	122,746	107,788	11,931

We expect our capital expenditures in the rest of 2019 and 2020 to primarily relate to construction of additional research and development and construction facilities. See "Future Plans and Use of Proceeds" for further details. We expect to fund our capital expenditures through a combination of the net proceeds from the Global Offering and bank borrowings. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CONTRACTUAL COMMITMENTS

Capital Commitments

As of December 31, 2017 and 2018 and April 30, 2019, we had capital commitments in respect of acquisition of property, plant and equipment primarily in connection with the construction of our manufacturing facilities. The following table sets forth our capital commitments as of the dates indicated:

	As of December 31,		As of April 30,
	2017	2018	2019
	(in thousands of RMB)		
Property, plant and equipment	78,729	41,101	41,635

Operating Lease Commitments

The following table sets forth our commitments for future minimum lease payments for short-term and low-value leases under our non-cancellable operating leases which fall due as indicated:

	As of December 31,		As of April 30,
	2017	2018	2019
	(in thousands of RMB)		
No later than one year	—	237	237
Later than one year and no later than two years	—	118	50
Later than two years and no later than five years	—	42	31
Total	—	397	318

CRO Contract Commitments

We contracted with certain CROs for research and development purposes. The following table sets the amount committed under these contracts but not yet incurred as of the dates indicated:

	As of December 31,		As of April 30,
	2017	2018	2019
	(in thousands of RMB)		
CRO Contract	13,755	4,576	7,872

OFF-BALANCE SHEET ARRANGEMENTS

Except as disclosed above, we did not have any material off-balance sheet arrangements and had not entered into any derivative transactions for trading purposes as of the Latest Practicable Date. We do not intend to enter into any derivative transactions for trading purposes.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT FINANCIAL RISK

Our activities expose us to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial position and financial performance. See Note 3.1 to our consolidated financial statements included in Appendix I — "Accountant's Report" to this prospectus for sensitivity analyses and other information.

Market Risk

Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the functional currency of any member of our Group. The Company's functional currency is US dollars. The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currency.

Our Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. As members of our Group operate in US$, NTD and RMB, we will constantly review the economic situation and our foreign exchange risk profile and will consider appropriate hedging measures in the future, as may be necessary.

Price Risk

We are exposed to equity securities price risk because of investments held by us and classified on the consolidated balance sheet as at fair value through other comprehensive income. To manage our price risk arising from investments in equity securities, we diversify our portfolio.

Our investments in equity securities comprise listed stock, which were listed at over-the-counter market of Taiwan. The prices of these equity securities would change due to the change of the future value of investee companies, resulting in the change of the fair value of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash Flow and Fair Value Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our exposure to the risk of changes in market interest rates relates primarily to our interest-bearing borrowings. Borrowings obtained at variable rates expose us to cash flow interest-rate risk. We have not hedged our cash flow or fair value interest-rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 28 to Appendix I — "Accountant's Report" to this prospectus.

Credit Risk

Credit risk refers to the risk of financial loss to us arising from default by the clients or counterparties of financial instruments on the contract obligations. According to our credit policy, each of our local entities is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Trade Receivables and Contract Assets

Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored. Credit risks mainly arise from credit exposure from CDMO and CMO customers, credit terms to whom are

usually 60 days. Our management makes periodic assessments as well as individual assessment on the recoverability based on historical settlements records and experience and adjusts for forward looking information. We apply the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract asset.

As of December 31, 2017 and 2018 and April 30, 2019, we assessed that the expected loss rate for trade receivables and contract asset was immaterial. Thus, no loss allowance provision for trade receivables and contract asset was recognized during the Track Record Period.

Cash and Cash Equivalents and Financial Assets at Fair Value through Profit or Loss and Other Receivables

To manage this risk, cash and cash equivalents and financial assets at fair value through profit or loss are mainly placed or invested with state-owned or reputable financial institutions in the PRC and reputable international financial institutions outside of the PRC. Credit risks from other receivables mainly arises from a debtor. Our management makes periodic assessments as well as individual assessment on the recoverability based on historical settlements records. There has been no recent history of default in relation to these financial institutions.

Liquidity Risk

We aim to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, our policy is to regularly monitor our liquidity risk and to maintain adequate cash and cash equivalents to meet our liquidity requirements. For details, see Note 3.1.3 to Appendix I — "Accountant's Report" to this prospectus.

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. During the Track Record Period, we entered into certain transactions with the Centerlab Entities. See Note 33 to Appendix I — "Accountant's Report" to this prospectus for a summary of these transactions.

PROPERTY INTERESTS

The property valuation report from JLL, set out in Appendix III to this prospectus, sets forth details of our property interests at the Suzhou Production Center as of August 31, 2019. The following table sets forth the reconciliation of the carrying values of these property interests as reflected in our consolidated balance sheet as of April 30, 2019 included in Appendix I — "Accountant's Report" to this prospectus with JLL's valuation of the same property interests as of August 31, 2019 as set out in Appendix III to this prospectus.

	RMB'000
Net book value as of April 30, 2019	83,362
Amortization and depreciation for the four months ended August 31, 2019	(1,331)
Unaudited net book value as of August 31, 2019	82,031
Valuation surplus	28,369
Valuation as of August 31, 2019	110,400

DIVIDENDS

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 anticipate paying any cash 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 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.

DISTRIBUTABLE RESERVES

As of April 30, 2019, we did not have any distributable reserves.

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately HK$80.1 million (including underwriting commission and other estimated offering expenses payable by us in relation to the Global Offering and taking into account any additional incentive fee (assuming the full payment of the discretionary incentive fee), assuming an Offer Price of HK$7.05 per Share, being the mid-point of the indicative Offer Price range), assuming the Over-Allotment Option is not exercised and no further shares are issued pursuant to the Pre-IPO Share Option Scheme. Approximately HK$9.5 million and HK$16.1 million was recognized and charged to our consolidated statements of comprehensive loss for the year ended December 31, 2018 and the four months ended April 30, 2019, respectively. After April 30, 2019,

approximately HK$18.2 million is expected to be charged to our consolidated statements of comprehensive loss, and approximately HK$36.3 million is expected to be accounted for as a deduction from equity upon the Listing. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules are set out below for the purpose of illustrating the effect of the Global Offering on the net tangible assets of the Group as at April 30, 2019 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the net tangible assets of the Group attributable to the equity holders of the Company as at April 30, 2019 or at any future dates following the completion of the Global Offering. The unaudited pro forma adjusted net tangible assets is based on the audited consolidated net tangible liabilities of the Group attributable to the equity holders of the Company as at April 30, 2019, as shown in Appendix I — "Accountant's Report" to this prospectus, and adjusted as described below.

	Audited consolidated net tangible liabilities of the Group attributable to the equity holders of the Company as at April 30, 2019 [(1)]	**Estimated impact to the net liabilities upon conversion of the Class A Preferred Shares and Class B Preferred Shares[(2)]**	**Estimated net proceeds from the Global Offering[(3)]**	**Unaudited pro forma adjusted net tangible assets of the Group attributable to the equity holders of the Company as at April 30, 2019**	**Unaudited pro forma adjusted net tangible assets per Share**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB[(4)]*	*HK$[(5)]*
Based on an Offer Price of HK$6.55 per Share	(269,593)	783,885	484,035	998,327	1.75	1.94
Based on an Offer Price of HK$7.55 per Share	(269,593)	783,885	561,501	1,075,793	1.89	2.10

Notes:

(1) The audited consolidated net tangible liabilities of the Group attributable to the equity holders of the Company as at April 30, 2019 has been extracted from Appendix I — "Accountant's Report" to this prospectus which is based on the audited consolidated net liabilities of the Group attributable to the equity holders of the Company as at April 30, 2019 of RMB267,665,000 with an adjustment for intangible assets as at April 30, 2019 of RMB1,928,000.

(2) All Class A Preferred Shares and Class B Preferred Shares will be automatically converted to Shares upon the Global Offering. The Class A Preferred Shares and Class B Preferred Shares were accounted for as a liability to the Company. Accordingly, for the purpose of the unaudited pro forma adjusted net tangible assets, the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to the equity holders of the Company will be increased by RMB783,885,000, being the carrying amount of the Class A Preferred Shares and Class B Preferred Shares as of April 30, 2019.

(3) The estimated net proceeds from the Global Offering are based on the Offer Price range of HK$6.55 per Share and HK$7.55 per Share, respectively, after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately RMB23,098,000 which have been accounted for in the Group's consolidated statements of comprehensive loss prior to April 30, 2019) payable by the Group and takes no account of any Shares which may be issued upon the exercise of the Over-Allotment Option, any Shares which may be issued under the Pre-IPO Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this prospectus.

(4) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 570,000,000 Shares were in issue assuming that the Capitalization Issue, Global Offering and the conversion of Class A Preferred Shares and Class B Preferred Shares to Shares had been completed on April 30, 2019 but takes no account of any Shares which may be issued upon the exercise of the Over-Allotment Option, any Shares which may be issued under the Pre-IPO Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this prospectus.

(5) For the purpose of this unaudited pro forma adjusted net tangible assets per Share, the amounts stated in Renminbi are converted into Hong Kong dollars at a rate of HK$1.0000 to RMB0.90136. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(6) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to April 30, 2019.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since April 30, 2019 (being the date on which the latest audited consolidated financial information of our Group was prepared) and there is no event since April 30, 2019 which would materially affect the information shown in our consolidated financial statements included in Appendix I — "Accountant's Report" to this prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm 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.

CORNERSTONE INVESTMENTS

As part of the International Offering, the Company has entered into cornerstone investment agreements with three Cornerstone Investors, namely (i) Centerlab; (ii) Vivo Capital (which comprises Vivo Capital Fund VIII, L.P. and Vivo Capital Surplus Fund VIII, L.P.); and (iii) Nien Hsing BVI. The Cornerstone Investors have conditionally agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 400 Shares for each Cornerstone Investor) that may be subscribed for with an aggregate amount of US$20 million (approximately HK$156.9 million).

The Offer Shares to be delivered to each of the Cornerstone Investors pursuant to the relevant cornerstone investment agreement will rank *pari passu* with all other Shares to be listed on the Stock Exchange.

Each of Centerlab and Vivo Capital is an existing Shareholder. Immediately following the completion of the Global Offering, Centerlab will continue to be a Controlling Shareholder of the Company and Vivo Capital will continue to be a substantial shareholder of the Company. Therefore, Centerlab and Vivo Capital will be core connected persons of the Company and their Shares will not count towards our public float under Rule 8.08 of the Listing Rules. See "Waivers from Strict Compliance with the Listing Rules and Exemptions from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Waiver and Consent in Relation to the Subscription for Offer Shares by Existing Shareholders as Cornerstone Investors" for more details on the waiver being applied for by the Company and granted by the Stock Exchange in this respect.

To the best knowledge of the Company, Nien Hsing BVI and its ultimate beneficial owners are Independent Third Parties, neither of which is a connected person nor an existing Shareholder of the Company. Immediately following the completion of the Global Offering, Nien Hsing BVI will not become a substantial shareholder of the Company and its Shares will count towards our public float under Rule 8.08 of the Listing Rules.

To the best knowledge of the Company, the Cornerstone Investors:

(a) will not have any representation on the Board immediately following the completion of the Global Offering, save and except that Mr. Fu, Shan and Dr. Kung, Frank Fang-Chien represent Vivo Capital on the Board;

(b) will not subscribe for any Offer Shares pursuant to the Global Offering other than pursuant to their respective cornerstone investment agreements;

(c) do not have any preferential rights in their respective cornerstone investment agreements compared with other public Shareholders;

(d) do not have any side agreements or arrangements with our Group in connection with their cornerstone investments other than their respective cornerstone investment agreements and non-disclosure agreements (if any);

(e) do not have their cornerstone investments financed by the Company or its Directors, chief executive or existing Shareholders or any of their respective close associates; and

(f) are not accustomed to take instructions from the Company or its Directors, chief executive or existing Shareholders or any of their respective close associates, save and except that Mr. Fu, Shan and Dr. Kung, Frank Fang-Chien represent Vivo Capital on the Board and are managing members of Vivo Capital VIII, LLC (the general partner of Vivo Capital).

The number of Offer Shares to be subscribed for by the Cornerstone Investors may be adjusted by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering pursuant to Practice Note 18 of the Listing Rules or such other percentage as may be approved by the Stock Exchange and applicable to the Company from time to time, as further described in "Structure of the Global Offering — The Hong Kong Public Offering". Details of allocation to the Cornerstone Investors will be disclosed in the announcement of allotment results of the Company.

Pursuant to the cornerstone investment agreements, the Cornerstone Investors shall make full payment of their respective investment amounts at or before 8:00 a.m. on the Listing Date, and there is no mechanism for the delayed settlement of investment amounts or the delayed delivery of Offer Shares.

DETAILS OF THE CORNERSTONE INVESTORS

		Based on the Offer Price of HK$6.55 per Share (being the low-end of the indicative Offer Price range)				
			Approximate % of the total number of Offer Shares		Approximate % of the total number of Shares in issue immediately following the completion of the Global Offering	
Cornerstone Investor	Investment amount	Number of Offer Shares (rounded down to nearest whole board lot of 400 Shares)[#]	Assuming the Over-Allotment Option is not exercised	Assuming the Over-Allotment Option is exercised in full	Assuming the Over-Allotment Option is not exercised	Assuming the Over-Allotment Option is exercised in full
Centerlab	US$5 million	5,986,800	6.65%	5.78%	1.05%	1.03%
Vivo Capital	US$10 million	11,974,000	13.31%	11.58%	2.10%	2.04%
Nien Hsing BVI	US$5 million	5,986,800	6.65%	5.78%	1.05%	1.03%
Total	US$20 million	23,947,600	26.61%	23.14%	4.20%	4.10%

		Based on the Offer Price of HK$7.05 per Share (being the mid-point of the indicative Offer Price range)				
			Approximate % of the total number of Offer Shares		Approximate % of the total number of Shares in issue immediately following the completion of the Global Offering	
Cornerstone Investor	Investment amount	Number of Offer Shares (rounded down to nearest whole board lot of 400 Shares)[#]	Assuming the Over-Allotment Option is not exercised	Assuming the Over-Allotment Option is exercised in full	Assuming the Over-Allotment Option is not exercised	Assuming the Over-Allotment Option is exercised in full
Centerlab	US$5 million	5,562,400	6.18%	5.37%	0.98%	0.95%
Vivo Capital	US$10 million	11,124,800	12.36%	10.76%	1.94%	1.91%
Nien Hsing BVI	US$5 million	5,562,400	6.18%	5.37%	0.98%	0.95%
Total	US$20 million	22,249,600	24.72%	21.50%	3.90%	3.81%

		Based on the Offer Price of HK$7.55 per Share (being the high-end of the indicative Offer Price range)				
			Approximate % of the total number of Offer Shares		Approximate % of the total number of Shares in issue immediately following the completion of the Global Offering	
Cornerstone Investor	Investment amount	Number of Offer Shares (rounded down to nearest whole board lot of 400 Shares)[#]	Assuming the Over-Allotment Option is not exercised	Assuming the Over-Allotment Option is exercised in full	Assuming the Over-Allotment Option is not exercised	Assuming the Over-Allotment Option is exercised in full
Centerlab	US$5 million	5,194,000	5.77%	5.02%	0.91%	0.89%
Vivo Capital	US$10 million	10,388,000	11.54%	10.03%	1.82%	1.78%
Nien Hsing BVI	US$5 million	5,194,000	5.77%	5.02%	0.91%	0.89%
Total	US$20 million	20,776,000	23.08%	20.07%	3.64%	3.56%

[#] *Note: Calculated based on the investment amount stated in US$ in the relevant cornerstone investment agreement being converted into HK$ at the exchange rate of US$1.00 to HK$7.8430 for illustrative purpose only.*

The following information about the Cornerstone Investors was provided to the Company by the Cornerstone Investors.

Information about Centerlab

Centerlab was founded in 1959 in Taiwan and is listed on the Taipei Exchange (stock code: 4123). Its principal business is the manufacturing and sales of oral pharmaceuticals. See "Relationship with Centerlab" for details.

Having been a Shareholder since January 2011 and being a Controlling Shareholder of the Company, Centerlab is aware of the Company's ongoing funding needs as a biotech company and wishes to support its continuous research and development. Centerlab therefore decided to further invest in the Company as an ongoing financial investment. The investment by Centerlab is to be funded by its own working capital. Notwithstanding Centerlab's status as a Taipei Exchange-listed company, the investment by Centerlab does not require the approval or consent of the Taipei Exchange or Centerlab's shareholders.

Information about Vivo Capital

Vivo Capital are limited partnerships organized under the laws of the State of Delaware of the United States. The general partner of Vivo Capital is Vivo Capital VIII, LLC. Vivo Capital LLC serves as the management company of Vivo Capital and has a form of advisory agreement with Vivo Capital VIII, LLC. Funds managed by Vivo Capital LLC have made investments in both private and public and both early-stage and established healthcare companies in the United States and the Greater China Region, spanning the areas of biopharmaceuticals, specialty pharmaceuticals and medical devices. See "History and Development — Information about our Shareholders, Class A Preferred Shareholders and Class B Preferred Shareholders — Vivo Capital" and "Substantial Shareholders" for more details.

Having been Shareholders since December 2015 with representation on the Board since January 2016, Vivo Capital is aware of the Company's ongoing funding needs as a biotech company and wishes to support its continuous research and development. Vivo Capital therefore decided to further invest in the Company as one of its portfolio investments in the healthcare sector. The investment by Vivo Capital is to be funded by the capital contributions of its limited partners.

Information about Nien Hsing BVI

Nien Hsing BVI is a company incorporated in the British Virgin Islands with limited liability. Incorporated in 1996, Nien Hsing BVI is an investment holding company wholly-owned by Nien Hsing Textile Co., Ltd. (年興紡織股份有限公司) ("**Nien Hsing Textile**"), a company listed on the TWSE (stock code: 1451), which is mainly engaged in the production and sales of denim and denim garments and has years of experience in investing in the biopharmaceutical industry. Nien Hsing Textile has since 2004 invested in Mycenax Biotech Inc. (永昕生物醫藥股份有限公司) ("**Mycenax Biotech**"), a company listed on the Taipei Exchange (stock code: 4726), and had a shareholding of approximately 6.46% in Mycenax Biotech as its second largest shareholder as of April 2019. Mycenax Biotech is mainly engaged in the research and development, production and commissioned development of protein drugs.

Nien Hsing Textile has known Centerlab for a long time, and learned about the Company's application for Listing after its application proof prospectus was made publicly available in late April 2019. Subsequently, Yuanta Securities HK, one of the Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers and also an existing Shareholder, approached Nien Hsing Textile and provided further information on the Company. Nien Hsing Textile then decided to invest in the Company (through its offshore investment holding company Nien Hsing BVI) as a long-term financial investment with the

aim of achieving long-term financial returns. The investment by Nien Hsing BVI is to be funded by its own working capital. Notwithstanding Nien Hsing Textile's status as a TWSE-listed company, the investment by Nien Hsing BVI does not require the approval or consent of the TWSE or Nien Hsing Textile's shareholders.

CONDITIONS PRECEDENT

The obligation of each Cornerstone Investor to subscribe for, and the obligation of the Company to issue and deliver, the relevant Offer Shares pursuant to the relevant cornerstone investment agreement is conditional upon the following:

(a) the Underwriting Agreements being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the Underwriting Agreements having been terminated;

(b) the Offer Price having been agreed upon between the Company and the Sole Sponsor (for itself and on behalf of the Underwriters);

(c) the Listing Committee having granted the listing of, and permission to deal in, the Shares (including the relevant Offer Shares as well as other applicable waivers and approvals) and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(d) no laws having been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the relevant cornerstone investment agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(e) the representations, warranties, undertakings and confirmations of the relevant Cornerstone Investor in the relevant cornerstone investment agreement remaining accurate and true in all respects and not misleading and that there being no material breach of such agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON DISPOSAL OF SHARES BY THE CORNERSTONE INVESTORS

Each Cornerstone Investor has agreed that, without the prior written consent of each of the Company and the Sole Sponsor (for itself and on behalf of the Joint Bookrunners), it will not, whether directly or indirectly, at any time during the period of six months from the Listing Date, dispose of any of the Shares subscribed for by it pursuant to the relevant cornerstone investment agreement and any other securities of the Company which are derived therefrom (together, the "**Relevant Shares**") or any interest in any company or entity holding any of the Relevant Shares.

Each Cornerstone Investor may transfer the Relevant Shares in certain limited circumstances as set out in the relevant cornerstone investment agreement, such as a transfer to a wholly-owned subsidiary (or, in the case of Vivo Capital, an affiliate) of such Cornerstone Investor, provided that, prior to such transfer, such wholly-owned subsidiary (or affiliate) undertakes to be bound by such Cornerstone Investor's obligations under the relevant cornerstone investment agreement and be subject to the restrictions on the disposal of the Relevant Shares imposed on such Cornerstone Investor.

FUTURE PLANS

See "Business — Our Strategies" for our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$554.4 million from the Global Offering, assuming that the Over-Allotment Option is not exercised, after deducting the underwriting commission and other estimated offering expenses payable by us in relation to the Global Offering and taking into account any additional incentive fee (assuming the full payment of the discretionary incentive fee), and assuming an Offer Price of HK$7.05 per Share, being the mid-point of the indicative offer price range set forth in this prospectus. If the Offer Price is set at HK$7.55 per Share, being the high end of the indicative Offer Price range, the net proceeds from the Global Offering will increase by approximately HK$43.0 million. If the Offer Price is set at HK$6.55 per Share, being the low end of the indicative Offer Price range, the net proceeds from the Global Offering will decrease by approximately HK$43.0 million.

Assuming an Offer Price at the mid-point of the indicative offer price range, we intend to use these net proceeds for the following purposes:

a) Approximately 30.0%, or HK$166.3 million, will be used to fund ongoing and planned clinical trials, preparation for registration filings and the potential commercial launch (including sales and marketing) of TAB008, details of which are mainly as follows:

   - HK$124.7 million (representing 22.5% of the net proceeds) will be used to fund ongoing and planned clinical trials, preparation for registration filings, planned commercial launches (including sales and marketing) of TAB008; and

   - HK$41.6 million (representing 7.5% of the net proceeds) will be used to fund further research and development on (i) various combination therapies involving TAB008, including combination therapies with PD-L1-CTLA-4 bispecific antibody, combination with chemotherapy and TKI in the treatment of lung cancer, and innovative combination mechanisms involving oncolytic virus and other oncology treatment, and (ii) other oncology treatment to cover a wider variety of indications given there are additional indications of bevacizumab approved in the United States or the EU including glioblastoma, renal cell carcinoma, cervical cancer, ovarian cancer and breast cancer.

b) Approximately 50.0%, or HK$277.2 million, will be used to fund ongoing and planned pre-clinical and clinical trials, expansion of facilities, preparation for registration filings and potential commercial launches (including sales and marketing) of the other drug candidates in our pipeline, including:

   - HK$110.9 million (representing 20.0% of the net proceeds) will be used to fund ongoing and planned clinical trials, expansion of facilities, registration filings and potential commercial launch of TAA013;

   - HK$22.2 million (representing 4.0% of the net proceeds) will be used to fund ongoing and planned clinical trials, for registration filings and potential commercial launches of TOZ309 and TOM312;

   - HK$16.6 million (representing 3.0% of the net proceeds) will be used to fund ongoing and planned clinical trials, expansion of facilities, registration filings and potential commercial launch of TAB014;

- HK$38.8 million (representing 7.0% of the net proceeds) will be used to fund ongoing and planned clinical trials and for registration filings of TAD011; and

- HK$88.7 million (representing 16.0% of the net proceeds) will be used to fund ongoing and planned pre-clinical and clinical trials, expansion of facilities and registration filings of other drug candidates.

c) Approximately 15.0%, or HK$83.2 million, will be used for non-project specific capital expenditure including mainly as follows:

- HK$38.8 million (representing 7.0% of the net proceeds) will be used on quality control, production and quality assurance facilities for biological drugs;

- HK$22.2 million (representing 4.0% of the net proceeds) will be used on construction of a new medical research center and production facilities on the premise of the Suzhou Production Center for certain drug candidates;

- HK$16.6 million (representing 3.0% of the net proceeds) will be used on upgrading the enterprise resource planning system and GMP software; and

- HK$5.6 million (representing 1.0% of the net proceeds) will be used on capital expenditure of other non-project specific facilities.

d) Approximately 2.0%, or HK$11.1 million, will be used to fund continued expansion of our product portfolio in cancer and potentially other therapeutic areas through internal research and external licenses and business development collaborations; and

e) Approximately 3.0%, or HK$16.6 million, will be used for our working capital and other general corporate purposes.

If the Over-allotment Option is exercised in full, we will receive additional net proceeds of approximately HK$90.9 million, assuming an Offer Price of HK$7.05 per Share (being the mid-point of the indicative Offer Price range). The above allocation of the proceeds will be adjusted on a pro-rata basis to the extent that the net proceeds from the Global Offering (including the net proceeds from the exercise of the Over-Allotment Option) are either more or less than expected. To the extent that the net proceeds from the Global Offering are not immediately used for the above purposes and to the extent permitted by applicable laws and regulations, we may allocate part or all of the proceeds to short-term interest-bearing deposits or money market instruments with authorized financial institutions or licensed banks.

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

HONG KONG UNDERWRITERS

ICBC International Securities Limited
Yuanta Securities (Hong Kong) Company Limited
China Renaissance Securities (Hong Kong) Limited
China Everbright Securities (HK) Limited
Luk Fook Securities (HK) Limited
Head & Shoulders Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

HONG KONG PUBLIC OFFERING

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering 9,000,000 Hong Kong Offer Shares (subject to adjustment) for subscription by the public in Hong Kong at the Offer Price on the terms and subject to the conditions of this prospectus and the Application Forms.

Subject to (i) the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned herein (including any additional Shares which may be made available pursuant to the exercise of the Over-Allotment Option), and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally, but not jointly, to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

ICBCI Capital (for itself and on behalf of the Hong Kong Underwriters) shall be entitled by written notice to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect if prior to 8:00 a.m. on the Listing Date:

(a) there shall develop, occur, exist or come into effect:

(i) any event or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of infectious disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting Hong Kong, the PRC or Taiwan, the United States, the United Kingdom, European Union (or any member thereof), Singapore or Japan (each a "**Relevant Jurisdiction**"); or

(ii) any change, or any development involving a prospective change, or any event or circumstance likely to result in any change or development involving a prospective change in any local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any Relevant Jurisdiction; or

(iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange, or the Shenzhen Stock Exchange, the Singapore Stock Exchange, the Taiwan Stock Exchange or the Taipei Exchange; or

(iv) any general moratorium on commercial banking activities in any Relevant Jurisdiction, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction; or

(v) any new Law (as defined in the Hong Kong Underwriting Agreement), or any change or any development involving a prospective change or any event or circumstance likely to result in a change in (or in the interpretation or application by any court or other competent Authority (as defined in the Hong Kong Underwriting Agreement) of) existing Laws, in each case, in or affecting any Relevant Jurisdiction; or

(vi) the imposition of economic sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdictions; or

(vii) a change or development involving a prospective change in or affecting Taxation (as defined in the Hong Kong Underwriting Agreement) or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a material devaluation of the Hong Kong dollars or the Renminbi against any foreign currencies) in any Relevant Jurisdiction; or

(viii) any litigation or claim of any third party being threatened or instigated against any member of the Group or any of the Warrantors (as defined in the Hong Kong Underwriting Agreement); or

(ix) a Director, Mr. Liu, Donglian, Dr. Liu, Ming, Mr. Chen, Xiaobao or Mr. Yao, Jau-Chang being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(x) the chairman or any of the executive Directors of our Company vacating his or her office; or

(xi) an Authority (as defined in the Hong Kong Underwriting Agreement) or a political body or organisation in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any executive or non-executive Director or Mr. Liu, Donglian, Dr. Liu, Ming, Mr. Chen, Xiaobao or Mr. Yao, Jau-Chang, and in respect of Mr. Liu Donglian, Ms. Liu Ming, Mr. Chen Xiaobao or Mr. Yao Jau-Chang, the commencement of any such investigation or other action, or the announcement of any such intention to investigate or take other action, which would materially affect the performance of their respective functions as senior management of the Company; or

(xii) a contravention by any member of the Group or any Director of the Listing Rules or applicable Laws (as defined in the Hong Kong Underwriting Agreement); or

(xiii) a prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including the Shares to be issued under the Over-Allotment Option) pursuant to the terms of the Global Offering; or

(xiv) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable Laws (as defined in the Hong Kong Underwriting Agreement); or

(xv) without the prior written consent of ICBCI Capital, the issue or requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Hong Kong Stock Exchange and/or the SFC; or

(xvi) an order or petition for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or

(xvii) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group which, singularly or in aggregate, is material to the Group, or in respect of which any member of our Group is liable prior to its stated maturity, or where such valid demand would trigger a cross-default or acceleration of other existing financing of the Group;

which, individually or in aggregate, in the sole opinion of ICBCI Capital (for itself and on behalf of the Hong Kong Underwriters), (1) has or will have or is likely to have a material adverse change, or any development likely to involve a prospective material adverse change, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, revenues, profits, losses, results of operations, due incorporation, position or condition (financial, operational or otherwise), or performance of the Company and the other members of the Group whether individually or taken as a whole, whether or not arising in the ordinary course of business; or (2) has or will have or is likely to have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering or dealings in the Shares in the secondary market; or (3) makes or will make or is likely to make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or (4) has or will have or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing or materially delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager, the Sole Sponsor and the Hong Kong Underwriters:

(i) that any statement contained in this prospectus, the Application Forms, the formal notice and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue or incorrect in any material respect or misleading in any respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in this prospectus, the Application Forms, the formal notice and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not, in the sole and absolute opinion of ICBCI Capital (for itself and on behalf of the Hong Kong Underwriters), fair and honest and based on reasonable assumptions; or

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission of a material fact from this prospectus, the Application Forms and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or

(iii) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager, the Hong Kong Underwriters or the International Underwriters); or

(iv) any event, act or omission which gives or is likely to give rise to any liability pursuant to the indemnification provisions under the Hong Kong Underwriting Agreement; or

(v) any material adverse change, or any development likely to involve a prospective material adverse change, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, revenues, profits, losses, results of operations, due incorporation, position or condition (financial, operational or otherwise), or performance of the Company and the other members of the Group, whether individually or taken as a whole, whether or not arising in the ordinary course of business; or

(vi) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the warranties stated in the Hong Kong Underwriting Agreement; or

(vii) any change or development involving a prospective change, or the materialisation of any of the risks set out in the section of each of this prospectus, the Preliminary Offering Circular (as defined in the Hong Kong Underwriting Agreement) and the PHIP captioned "Risk Factors"; or

(viii) approval by the Listing Committee of the Hong Kong Stock Exchange of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(ix) the Company withdraws this prospectus, the formal notice, the Application Forms and/or any other documents issued or used in connection with the Global Offering; or

(x) any expert (other than the Sole Sponsor), whose consent is required for the issue of this Prospectus with the inclusion of its reports, letters, or opinions and references to its names in the form and context in which it respectively appears, has withdrawn or is subject to withdraw its consent to being named in this prospectus or the Application Forms or to the issue of this prospectus or the Application; or

(xi) any loss or damage has been sustained by any member of the Group (howsoever caused and whether or not the subject of any insurance or claim against any person) which is considered by ICBCI Capital (for itself and on behalf of the Hong Kong Underwriters) in its reasonable opinion to be material.

Undertakings to the Hong Kong Stock Exchange Pursuant to the Listing Rules

By our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Hong Kong Stock Exchange that no further shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by our Company, or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of shares or our securities will be completed

within six months from the commencement of dealings) except pursuant to the Global Offering (including the Over-Allotment Option), or in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

By Centerlab, together with Centerlab's associate, BioEngine

Pursuant to Rule 10.07(1) of the Listing Rules, each of Centerlab and BioEngine has undertaken to the Hong Kong Stock Exchange that, except in compliance with the requirements of the Listing Rules or pursuant to (i) the Global Offering or (ii) the Over-Allotment Option (if applicable) or (iii) the Capitalization Issue or (iv) the Stock Borrowing Agreement, it shall not and shall procure that the relevant registered holder(s) of Shares shall not: (a) in the period commencing on the date by reference to which disclosure of its shareholding is made in this Prospectus and ending on the date which is six months from the Listing Date (the "**First Six-Month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares or securities of our Company in respect of which it is shown by this Prospectus to be the beneficial owner (as defined in Rule 10.01(2) of the Listing Rules); and (b) in the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, Centerlab and BioEngine (as a group of Shareholders) would cease to be a Controlling Shareholder of our Company.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of Centerlab and BioEngine has also undertaken to the Hong Kong Stock Exchange and us that, within the period commencing on the date by reference to which disclosure of its shareholding is made in this Prospectus and ending on the date which is 12 months from the Listing Date, it will:

(a) when it pledges or charges any Shares or other securities of our Company beneficially owned by it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of such Shares or other securities of our Company so pledged or charged; and

(b) when it receives any indications, either verbal or written, from the pledgee or chargee that any of the Shares or other securities of our Company being pledged or charged will be disposed of, immediately inform our Company of such indications.

We will inform the Hong Kong Stock Exchange as soon as we have been informed of the above matters (if any) by Centerlab or BioEngine and disclose such matters by way of an announcement to be published as required under the Listing Rules.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

Undertakings by Our Company

Except for the offer and sale of the Offer Shares pursuant to the Global Offering including pursuant to the Over-Allotment Option, the Capitalization Issue and the exercise of any options granted or to be

granted under the Pre-IPO Share Option Scheme, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the First Six-Month Period, we have undertaken to each of the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager and the Hong Kong Underwriters not to, and to procure each other member of the Group not to, without the prior written consent of ICBCI Capital (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other equity securities of our Company or any shares or other equity securities of such other member of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of our Company, or any interest in any of the foregoing) or deposit any Shares or other equity securities of the Company or any shares or other equity securities of such other member of the Group, as applicable, with a depositary in connection with the issue of depositary receipts; or repurchase any Shares or other equity securities of the Company or any shares or other equity securities of such other member of the Group, as applicable; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other equity securities of our Company or other securities of our Company, or any shares or other equity securities of such other member of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of the Company or any shares or other equity securities of such other member of the Group, as applicable); or

(c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other equity securities of our Company or any shares or other equity securities of such other member of the Group, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or equity securities will be completed within the First Six-month Period).

In the event that, during the Second Six-Month Period, we enter into any of the transactions specified in (a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction, we shall take all reasonable steps to ensure that it will not create a disorderly or false market in our equity securities.

Undertakings by Centerlab

Pursuant to the Hong Kong Underwriting Agreement, Centerlab has undertaken to each of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager and the Hong Kong Underwriters that, except pursuant to the Global Offering, the Over-Allotment Option, the Capitalization Issue, the Stock Borrowing Agreement (where applicable) and otherwise as disclosed in this Prospectus, without the prior written consent of ICBCI Capital (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) it will not, and will procure that BioEngine, the relevant registered holder(s), any nominee or trustee holding on trust for it and the companies controlled by it (together, the "**Controlled Entities**") will not, at any time during the First Six-Month Period, (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right of first refusal, right of pre-emption, right to sell, or other third party claim, right, interest or preference or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company) beneficially owned by it directly or indirectly through its Controlled Entities, or deposit any Shares or other securities of the Company with a depositary in connection with the issue of depositary receipts, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company), or (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of the Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);

(b) it will not, during the Second Six-Month Period, enter into any of the transactions specified in (a)(i), (ii) or (iii) above or agree to or publicly announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it will cease to be a controlling shareholder of the Company;

(c) until the expiry of the Second Six-Month Period, in the event that it enters into any of the transactions specified in (a)(i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the equity securities of the Company; and

(d) it shall, and shall procure that the relevant registered holder(s) and other Controlled Entities shall, comply with all the restrictions and requirements under the Listing Rules on the sale,

transfer or disposal by it/he/she or by the registered holder(s) and/or other Controlled Entities of any Shares or other securities of the Company.

Pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, Centerlab has further undertaken to the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager and the Hong Kong Underwriters that it will, at any time within the period commencing on the date by reference to which disclosure of its shareholding in the Company is made in this Prospectus and ending on the date which is 12 months from the Listing Date:

(a) upon any pledge or charge in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any of those Shares or other securities of the Company in respect of which it is shown in this Prospectus to be the beneficial owner for a bona fide commercial loan in accordance with Note (2) to Rule 10.07 of the Listing Rules, immediately inform the Company and ICBCI Capital in writing of such pledge or charge together with the number of Shares or other securities of the Company in respect of which it is shown in this Prospectus to be the beneficial owner which are so pledged or charged; and

(b) upon any indications, either verbal or written, from the pledgee or charge that any of the pledged or charged securities of the Company will be disposed of, immediately inform the Company and ICBCI Capital in writing of such indications.

The Company agrees and undertakes to the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager and each of the Hong Kong Underwriters that, upon receiving such information in writing from Centerlab, it will, as soon as possible, notify the Stock Exchange and make a public disclosure in relation to such information in accordance with the Listing Rules.

Indemnity

Each of our Company and Centerlab has agreed to jointly and severally indemnify the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager and the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

Undertakings by certain Shareholders and Pre-IPO Share Option Scheme participants

Each of Vivo Capital, Prime Success, Advantech Capital V, Vaxgen, Yuanta Venture Capital, Yuanta Securities HK, Vaxon, Fu Chuang Limited, Formosa Lab, Prosperity SPV1 L.P., Cathay Venture, Miramonte and CDIB, and Ms. Yeh-Huang Chun Ying and other Pre-IPO Share Option Scheme participants who are shareholders of our Company (the "**Locked-up Shareholders**"), have agreed to provide lock-up undertakings (the "**Lock-up Undertakings**") in favour of the Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters). Pursuant to the Lock-up Undertakings, which are largely similar in form save for certain special circumstances, each of the Locked-up Shareholders agrees to a lock-up in respect of certain Shares it held within the First Six-Month Period.

Commission and Expenses

The Underwriters will receive an underwriting commission of 3.0% of the aggregate Offer Price of all of the Offer Shares, out of which they will pay any sub-underwriting commission. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, if any, the International Underwriters will be paid an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the International Underwriters, but not the Hong Kong Underwriters. In addition, we may pay to the Underwriters a discretionary incentive fee.

The aggregate underwriting commissions and fees together with the Stock Exchange listing fees, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK$80.1 million (assuming an Offer Price of HK$7.05 per Offer Share (which is the mid-point of the Offer Price range) and the full payment of the discretionary incentive fee) and will be paid by our Company.

Hong Kong Underwriter's interests in our Company

Save for their obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and saved as disclosed in this Prospectus, as of the Latest Practicable Date, none of the Hong Kong Underwriters is interested directly or indirectly in any Shares or securities in our Company or any other member of the Group or has any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any Shares or securities in our Company or any other member of the Group.

Following completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

INTERNATIONAL OFFERING

In connection with the International Offering, we expect to enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally but not jointly agree to purchase the International Offer Shares or procure purchasers for the International Offer Shares initially being offered pursuant to the International Offering.

Under the International Underwriting Agreement, we intend to grant to the International Underwriters the Over-Allotment Option, exercisable in whole or in part at one or more times, at the sole and absolute discretion of ICBCI Capital on behalf of the International Underwriters from the date of the International Underwriting Agreement until 30 days from the last day for the lodging of applications under the Hong Kong Public Offering to require us to allot and issue up to an aggregate of 13,500,000 additional Shares, representing 15.0% of the number of Offer Shares initially available under the Global Offering at the Offer Price to, amongst other things, cover over-allocations in the International Offering, if any.

The International Underwriting Agreement is conditional on and subject to the Hong Kong Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that undertakings similar to those given to the Hong Kong Underwriters will be given by our Company to the International Underwriters under the International Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

We describe below a variety of activities that underwriters of the Hong Kong Public Offering and the International Offering, together referred to as "Syndicate Members", may each individually undertake, and which do not form part of the underwriting or the stabilizing process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

(a) under the agreement among the Syndicate Members, all of them (except for ICBC International Securities Limited and its affiliates as the Stabilizing Manager) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling the Shares.

All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their or part of their underlying assets, whether on the Hong Kong Stock Exchange or on any other stock exchange, the rules of the relevant exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases. All of these activities may occur both during and after the end of the stabilizing period described under the section headed "Structure of the Global Offering — Stabilizing Action". These activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of their share price, and the extent to which this occurs from day to day cannot be estimated.

THE SOLE SPONSOR'S INDEPENDENCE

Save as disclosed below, the Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises of:

(a) the Hong Kong Public Offering of initially 9,000,000 Offer Shares (subject to adjustment) in Hong Kong as described in the paragraph headed "— The Hong Kong Public Offering" in this section; and

(b) the International Offering of an aggregate of 81,000,000 Offer Shares (subject to reallocation and the Over-Allotment Option) outside the United States in reliance on Regulation S and in the United States to QIBs in reliance on Rule 144A or other available exemption from the registration requirements of the US Securities Act.

Investors may apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest, if qualified to do so, for the International Offering Shares under the International Offering, but may not do both.

The number of Hong Kong Offer Shares and International Offering Shares to be offered under the Hong Kong Public Offering and the International Offering respectively may be subject to reallocation as described in the paragraph headed "— Pricing and Allocation" in this section.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Shares Initially Offered

We are initially offering 9,000,000 Hong Kong Offer Shares at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price for subscription by the public in Hong Kong. Subject to the reallocation of Shares between (i) the International Offering, and (ii) the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 1.58% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-Allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers and companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed "— Conditions of the Global Offering" in this section.

Allocation

Allocation of Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may

vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) will be divided into two pools for allocation purposes: 4,500,000 Hong Kong Offer Shares for pool A and 4,500,000 Hong Kong Offer Shares for pool B.

- Pool A: The Hong Kong Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with a total subscription price of HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less.

- Pool B: The Hong Kong Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with a total subscription price of more than HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value of pool B.

For the purpose of this sub-section only, the "subscription price" for Hong Kong Offer Shares means the price payable on application (without regard to the Offer Price as finally determined).

Applicants should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the two pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B, but not from both pools. Multiple or suspected multiple applications and any application for more than 4,500,000 Hong Kong Offer Shares will be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to the discretion of ICBCI Capital, subject to the following:

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 27,000,000 Shares, representing 30% of Offer Shares initially available under the Global Offering.

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer

Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 36,000,000 Shares, representing 40% of the Offer Shares initially available under the Global Offering.

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents, 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 45,000,000 Shares, representing 50% of Offer Shares initially available under the Global Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of ICBCI Capital. Subject to the foregoing paragraph, ICBCI Capital may in its discretion reallocate Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed, ICBCI Capital will have the discretion (but shall not be under any obligation) to reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such amounts as they deem appropriate.

In the event of reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering in the circumstances where (a) the International Offering shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed by less than 15 times, or (b) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed, then up to 9,000,000 Offer Shares may be reallocated from the International Offering to the Hong Kong Public Offering, so that the total number of Offer Shares available for subscription under the Hong Kong Public Offering will increase up to 18,000,000 Shares, representing approximately 20.0% of the number of the Offer shares initially available under the Global Offering (before any exercise of the Over-allotment Option), and the Offer Price shall be fixed at HK$6.55 per Offer Share (being the low-end of the indicative Offer Price range) in accordance with Guidance Letter HKEx-GL91-18.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, any International Offering Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Offering Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$7.55 per Offer Share in addition to the brokerage, SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share, equal to a total of HK$3,050.43 for one board lot of 400 Shares. If the Offer Price, as finally determined in the manner described in the paragraph headed "— Pricing and Allocation" in this section, is less than the maximum price of HK$7.55 per Offer Share,

appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

Subject to the reallocation as described above, the number of Offer Shares to be initially offered under the International Offering will be 81,000,000 Shares (subject to reallocation and the Over-Allotment Option), representing 90% of the total number of Offer Shares initially available under the Global Offering.

Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares initially offered under the International Offering will represent approximately 14.21% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-Allotment Option is not exercised.

Allocation

Pursuant to the International Offering, the International Offering Shares will be conditionally placed on behalf of our Company by the International Underwriters or through selling agents appointed by them. The International Offering will include selective marketing of Offer Shares to certain professional and institutional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S and in the United States to QIBs as defined in Rule 144A. The International Offering is subject to the Hong Kong Public Offering being unconditional.

Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "— Pricing and Allocation" in this section and based on a number of factors, including the level and timing of demand, total size of the relevant investor 's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell, Shares, after the listing of our Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid Shareholder base to the benefit of our Company and our Shareholders as a whole.

ICBCI Capital (for itself and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering, to provide sufficient information to ICBCI Capital so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in the paragraph headed "— The Hong Kong Public Offering — Allocation" in this section, the exercise of the Over-Allotment Option in whole or in part described in the paragraph headed "— Over-Allotment Option" in this section, and any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering and/or any Offer Shares from the International Offering to the Hong Kong Public Offering at the discretion of ICBCI Capital.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that our Company will grant the Over-Allotment Option to the International Underwriters, which will be exercisable by ICBCI Capital on behalf of the International Underwriters.

Pursuant to the Over-Allotment Option, the International Underwriters have the right, exercisable by ICBCI Capital on behalf of the International Underwriters at any time from the Listing Date to the 30th day after the last day for lodging applications under the Hong Kong Public Offering, to require our Company to issue and allot up to 13,500,000 Shares, representing 15% of the maximum number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering, to cover over-allocations in the International Offering, if any.

If the Over-Allotment Option is exercised in full, the additional International Offering Shares to be issued pursuant thereto will represent approximately 2.31% of our Company's enlarged issued share capital immediately following the completion of the Global Offering and the exercise of the Over-Allotment Option. In the event that the Over-Allotment Option is exercised, a public announcement will be made.

STABILIZING ACTION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to curb and, if possible, prevent any decline in the market price of the securities below the Offer Price. It may be effected in jurisdictions where it is permissible to do so and subject to all applicable laws and regulatory requirements. In Hong Kong and certain other jurisdictions, activity aimed at reducing the market price is prohibited. The price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilizing Manager, or any person acting for it, on behalf of the Underwriters, may to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the last day of the lodging of applications under the Hong Kong Public Offering. Short sales involve the sale by the Stabilizing Manager of a greater number of Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-Allotment Option. The Stabilizing Manager may close out the covered short position by either exercising the Over-Allotment Option to purchase additional Offer

Shares or purchasing Shares in the open market. In determining the source of the Offer Shares to close out the covered short position, the Stabilizing Manager will consider, among other things, the price of Offer Shares in the open market as compared to the price at which they may purchase additional Offer Shares pursuant to the Over-Allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or curbing a decline in the market price of the Offer Shares while the Global Offering is in progress. Any market purchases of the Shares will be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws, rules and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing action. Such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time.

Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of Offer Shares that may be over-allocated will not exceed the number of Shares that may be sold under the Over-Allotment Option, namely, 13,500,000 Offer Shares, which is 15% of the number of Offer Shares initially available under the Global Offering, and cover such over-allocations by exercising the Over-Allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) under the SFO include:

(a) over-allocation for the purpose of preventing or minimizing any reduction in the market price of our Shares;

(b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares;

(c) purchasing or subscribing for, or agreeing to purchase or subscribe for, our Shares pursuant to the Over-Allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares;

(e) selling or agreeing to sell any of our Shares in order to liquidate any position held as a result of those purchases; and

(f) offering or attempting to do anything as described in (b), (c), (d) or (e) above.

Stabilizing actions by the Stabilizing Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

Prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager or any person acting for it may, in connection with the stabilizing action, maintain a long position in our Shares;

- there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager or any person acting for it will maintain such a long position;

- liquidation of any such long position by the Stabilizing Manager or any person acting for it and selling in the open market, may have an adverse impact on the market price of our Shares;

- no stabilizing action can be taken to support the price of our Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for our Shares, and therefore the price of our Shares, could fall;

- the price of our Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and

- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

As a result of effecting transactions to stabilize or maintain the market price of the Shares, the Stabilizing Manager, or any person acting for it, may maintain a long position in the Shares. The size of the long position, and the period for which the Stabilizing Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain. In the event that the Stabilizing Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the Shares.

Stabilizing action by the Stabilizing Manager, or any person acting for it, is not permitted to support the price of the Shares for longer than the stabilizing period, which begins on the day on which trading of the Shares commences on the Stock Exchange and ends on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on December 1, 2019. As a result, demand for the Shares and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the Shares. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

PRICING AND ALLOCATION

Determining the Offer Price

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around November 1, 2019 and in any event no later than November 4, 2019, by agreement between ICBCI Capital (for itself and on behalf of the Underwriters) and our Company and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price per Offer Share under the Hong Kong Public Offering will be identical to the Offer Price per Offer Share under the International Offering based on the Hong Kong dollar price per Offer Share under the International Offering, as determined by ICBCI Capital (for itself and on behalf of the Underwriters) and our Company.

The Offer Price will not be more than HK$7.55 per Offer Share and is expected to be not less than HK$6.55 per Offer Share, unless otherwise announced by the Company no later than the morning of the last day for lodging applications under the Hong Kong Public Offer, as further explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

ICBCI Capital, for itself and on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range as stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the website of the Stock Exchange at **www.hkexnews.hk** and the Company at **www. totbiopharm.com.cn**, notices of the reduction. Upon issue of such a notice, the revised number of Offer Shares and/or indicative Offer Price range will be final and conclusive and the Offer Price, if agreed upon by ICBCI Capital, for itself and on behalf of the Underwriters, and our Company, will be fixed within such a revised Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, use of proceeds, and any other financial information which may change materially as a result of such reduction. All applicants who have already submitted an application need to confirm their applications in accordance with the procedures set out in the announcement and all unconfirmed applications will not be valid. In the absence of any such notice so published, the number of Offer Shares will not be reduced and the Offer Price, if agreed upon by ICBCI Capital, for itself and on behalf of the Underwriters, and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares, ICBCI Capital may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering (assuming the Over-Allotment Option is not exercised).

The final Offer Price, the level of indications of interest in the Global Offering, the results of allocations and the basis of allotment of the Hong Kong Offer Shares are expected to be announced on the website of the Stock Exchange at **www.hkexnews.hk** and on the website of our Company at **www. totbiopharm.com.cn**.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and ICBCI Capital, for itself and on behalf of the Underwriters, agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, and the Hong Kong Underwriting Agreement and the International Underwriting Agreement, are summarized in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares pursuant to the Global Offering will be conditional on:

(a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be available pursuant to the exercise of the Over-Allotment Option and the Pre-IPO Share Option Scheme), and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(b) the Offer Price having been duly agreed between us and ICBCI Capital (for itself and on behalf of the Underwriters);

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Underwriters under the respective Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by ICBCI Capital, for itself and on behalf of the Underwriters) and not having been terminated in accordance with the terms of the respective agreements in each case on or before the dates and times as specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event no later than November 28, 2019 (i.e., the 30th day after the date of this prospectus).

If, for any reason, the Offer Price is not agreed between our Company and ICBCI Capital (for itself and on behalf of the Underwriters) on or before November 4, 2019, the Global Offering will not proceed and will lapse immediately.

The completion of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the websites of Stock Exchange at **www.hkexnews.hk** and our Company at **www. totbiopharm.com.cn** on the next Business Day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies. In the meantime, all application monies will be held in separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on the Listing Date provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" has not been exercised.

Application for Listing on the Hong Kong Stock Exchange

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any Shares which may be issued under the exercise of the Over-Allotment Option) and any Shares which may be issued under the Share Option Scheme on the Main Board of the Hong Kong Stock Exchange.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the Shares to be admitted into the Central Clearing and Settlement System, or CCASS, established and operated by the Hong Kong Securities Clearing Company Limited, or HKSCC.

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on November 8, 2019, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on November 8, 2019.

The Shares will be traded in board lots of 400 Shares each and the stock code of the Shares will be 1875.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offering Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at **www.hkeipo.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, ICBCI Capital, the **HK eIPO White Form** service and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, ICBCI Capital may accept it at its discretion and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.hkeipo.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a copy of this prospectus during normal business hours between 9:00 a.m. on October 29, 2019, until 12:00 noon on November 1, 2019, from:

(i) the following offices of the Hong Kong Underwriters:

ICBC International Securities Limited	37/F ICBC Tower, 3 Garden Road, Hong Kong
Yuanta Securities (Hong Kong) Company Limited	23/F, Tower 1, Admiralty Center, 18 Harcourt Road, Admiralty, Hong Kong
China Renaissance Securities (Hong Kong) Limited	Units 8107-08, Level 81, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
China Everbright Securities (HK) Limited	24/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
Luk Fook Securities (HK) Limited	Units 2201-2207 & 2213-2214, 22nd Floor, Cosco Tower, 183 Queen's Road Central, Hong Kong
Head & Shoulders Securities Limited	Room 2511, 25/F, Cosco Tower, 183 Queen's Road Central, Hong Kong

(ii) any of the designated branches of Bank of China (Hong Kong) Limited:

District	Branch Name	Address
Hong Kong Island	Central District (Wing On House) Branch	B/F-2/F, Wing On House, 71 Des Voeux Road Central, Hong Kong
	North Point (King's Centre) Branch	193-209 King's Road, North Point, Hong Kong
Kowloon	Telford Plaza Branch	Shop Unit P2-P7, Telford Plaza, No.33 Wai Yip Street, Kowloon Bay, Kowloon
	Olympian City Branch	Shop 133, 1/F, Olympian City 2, 18 Hoi Ting Road, Kowloon
New Territories	Fanling Centre Branch	Shop 2D-E & H, Fanling Centre, Fanling, New Territories

You can collect a **YELLOW** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on October 29, 2019, until 12:00 noon on November 1, 2019, from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "BANK OF CHINA (HONG KONG) NOMINEES LIMITED — TOT BIOPHARM PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Tuesday, October 29, 2019 — 9:00 a.m. to 5:00 p.m.
Wednesday, October 30, 2019 — 9:00 a.m. to 5:00 p.m.
Thursday, October 31, 2019 — 9:00 a.m. to 5:00 p.m.
Friday, November 1, 2019 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, November 1, 2019, the last application day or such later time as described in the paragraph headed "10. Effect of Bad Weather on the Opening of the Application Lists" below in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize the Company and/or ICBCI Capital (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of the Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to the Company, our Share Registrar, receiving bank, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a

result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (a) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (b) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Auto refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that the Company, the Sole Sponsor and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (a) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC; and (b) you have due authority to sign the Application Form or give electronic application instructions on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in the paragraph headed "2. Who can apply" in this section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **HK eIPO White Form** service provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form

You may submit your application to the **HK eIPO White Form** service at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on October 29, 2019, until 11:30 a.m. on November 1, 2019, and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on November 1, 2019, or such later time under the paragraph headed "10. Effect of Bad Weather on the Opening of the Application Lists" below in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instructions** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instructions** under **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators and our Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;

- (if the electronic application instructions are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;

- confirm that you understand that the Company, the Directors, the Sole Sponsor and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of the Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to the Company, our Share Registrar, receiving bank, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum number of 400 Hong Kong Offer Shares. Instructions for more than 400 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions[(1)]

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Tuesday, October 29, 2019 — 9:00 a.m. to 8:30 p.m.
Wednesday, October 30, 2019 — 8:00 a.m. to 8:30 p.m.
Thursday, October 31, 2019 — 8:00 a.m. to 8:30 p.m.
Friday, November 1, 2019 — 8:00 a.m. to 12:00 noon

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participant.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on October 29, 2019, until 12:00 noon on November 1, 2019, (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on November 1, 2019, the last application day or such later time as described in the paragraph headed "10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company, the Share Registrar, the receiving bank, the Joint Global Coordinators, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** service to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Joint Bookrunners, the Sole Sponsor, the Joint Global Coordinators and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on November 1, 2019.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company, then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange. "Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for the Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum number of 400 Hong Kong Offer Shares. Each application or **electronic application instructions** in respect of more than 400 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please see the section headed "Structure of the Global Offering — Pricing and Allocation" in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on November 1, 2019. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on November 1, 2019, or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable", an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on or before November 7, 2019 on the Company's website at **www. totbiopharm.com.cn** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www. totbiopharm.com.cn** and the Stock Exchange's website at **www.hkexnews.hk**) by no later than 9:00 a.m. on November 7, 2019;
- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** (alternatively **www.hkeipo.hk/IPOResult**) with a "search by ID Number/Business Registration Number" function on a 24-hour basis from 8:00 a.m. on November 7, 2019, to 12:00 midnight on November 13, 2019;
- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from November 7, 2019 to November 12, 2019 (excluding Saturday, Sunday and Public Holiday);

- in the special allocation results booklets which will be available for inspection during opening hours from November 7, 2019 to November 11, 2019 at all the receiving bank's designated branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, ICBCI Capital, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or ICBCI Capital believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$7.55 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before November 7, 2019.

14. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around November 7, 2019. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on November 8, 2019 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from our Share Registrar at Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on November 7, 2019, or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before November 7, 2019 by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before November 7, 2019 by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on November 7, 2019, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS Investor Participant)*

  For Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS Investor Participant*

  The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in the section headed "11. Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on November 7, 2019 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from the Share Registrar, at Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on November 7, 2019, or such other date as notified by the Company in the newspapers/announcement published by the Company as the date of dispatch/collection of share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before November 7, 2019 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Auto refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via electronic application instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor

Participant stock account on November 7, 2019 or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on November 7, 2019. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on November 7, 2019, or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on November 7, 2019. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on November 7, 2019.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF TOT BIOPHARM INTERNATIONAL COMPANY LIMITED AND ICBC INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of TOT BIOPHARM International Company Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-103, which comprises the consolidated balance sheets as at December 31, 2017 and 2018 and April 30, 2019, the Company's balance sheets as at December 31, 2017 and 2018 and April 30, 2019, and the consolidated statements of comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2017 and 2018 and the four months ended April 30, 2019 (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-4 to I-103 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated October 29, 2019 (the "**Prospectus**") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's 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*

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants ("**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 accountant's judgement, 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 accountant considers 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 2.1 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, 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 accountant's report, a true and fair view of the financial position of the Company as at December 31, 2017 and 2018 and April 30, 2019 and the consolidated financial position of the Group as at December 31, 2017 and 2018 and April 30, 2019 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statements of comprehensive loss, changes in equity and cash flows for the four months ended April 30, 2018 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Notes 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") 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-4 have been made.

Dividends

We refer to Note 26 to the Historical Financial Information, which states that no dividends have been paid by TOT BIOPHARM International Company Limited in respect of the Track Record Period.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
October 29, 2019

I 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 accountant's report. The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("**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 Comprehensive Loss

	Note	Year ended December 31,		Four months ended April 30,	
		2017	2018	2018	2019
		RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	*5*	51,608	39,219	9,218	18,163
Cost of revenue	*6*	(4,242)	(5,980)	(180)	(4,911)
Research and development expenses	*6*	(105,935)	(188,651)	(34,100)	(48,295)
Selling expenses	*6*	(28,886)	(38,935)	(11,358)	(11,105)
General and administrative expenses	*6*	(24,514)	(54,638)	(11,263)	(28,080)
Other gains/(losses) – net	*9*	6,000	11,808	987	(3,134)
Operating loss		(105,969)	(237,177)	(46,696)	(77,362)
Finance income	*10*	470	727	192	1,344
Finance costs	*10*	(277)	(2,404)	(583)	(267)
Finance income/(costs) – net	*10*	193	(1,677)	(391)	1,077
Fair value change in financial instruments issued to investors	*27*	(42,911)	(29,409)	(23,203)	(26,066)
Loss before income tax		(148,687)	(268,263)	(70,290)	(102,351)
Income tax expense	*11*	—	—	—	—
Loss for the year/period and attributable to the equity holders of the Company		(148,687)	(268,263)	(70,290)	(102,351)
Other comprehensive income/(loss):					
Items that will not be reclassified to profit or loss					
Changes in the fair value of equity instruments at fair value through other comprehensive income	*16*	(3,080)	355	2,092	(320)
Items that may be reclassified to profit or loss					
Exchange difference on translation	*24*	10,366	(19,563)	6,631	14,544
Other comprehensive income/(loss) for the year/period, net of tax		7,286	(19,208)	8,723	14,224
Total comprehensive loss for the year/period and attributable to the equity holders of the Company		(141,401)	(287,471)	(61,567)	(88,127)
Loss per share for the year/period and attributable to the equity holders of the Company					
— Basic and diluted loss per share (RMB)*(Note)*	*12*	(1.77)	(3.19)	(0.84)	(1.22)

Note: The loss per share presented above has not taken into account the proposed capitalization issue pursuant to the resolutions of the shareholders passed on September 30, 2019, as set out in Note 36, because the proposed capitalization issue has not become effective as at report date.

Consolidated Balance Sheets

	Note	As at December 31, 2017	As at December 31, 2018	As at April 30, 2019
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	*13*	201,888	294,420	298,580
Prepayments for property, plant and equipment	*13*	22,327	7,042	4,497
Right-of-use assets	*15*	16,661	29,324	30,233
Intangible assets	*14*	730	1,901	1,928
Financial assets at fair value through other comprehensive income	*16*	6,455	6,810	6,490
Other non-current assets	*19*	28,022	38,054	46,357
		276,083	377,551	388,085
Current assets				
Inventories	*17*	980	3,105	1,154
Trade receivables and other receivables	*18*	6,500	9,694	12,205
Prepayments	*19*	5,872	10,745	17,343
Contract assets	*5*	2,206	2,060	4,675
Financial assets at fair value through profit or loss	*20*	47,835	17,332	27,344
Cash and cash equivalents	*21*	24,581	256,751	139,406
		87,974	299,687	202,127
Total assets		364,057	677,238	590,212
EQUITY				
Share capital	*23*	537,859	537,859	537,859
Other reserves	*24*	24,980	31,449	50,613
Accumulated losses		(485,523)	(753,786)	(856,137)
Capital and reserves attributable to the equity holders of the Company		77,316	(184,478)	(267,665)
Total equity/(deficit)		77,316	(184,478)	(267,665)

	Note	As at December 31, 2017	As at December 31, 2018	As at April 30, 2019
		RMB'000	*RMB'000*	*RMB'000*
LIABILITIES				
Non-current liabilities				
Financial instruments issued to investors	*27*	236,776	773,767	783,885
Borrowings	*28*	27,000	—	—
Lease liabilities	*30*	1,178	12,810	13,851
		264,954	786,577	797,736
Current liabilities				
Borrowings	*28*	3,000	500	—
Accruals and other payables	*29*	17,747	69,300	57,126
Contract liabilities	*5*	207	3,022	528
Lease liabilities	*30*	833	2,317	2,487
		21,787	75,139	60,141
Total liabilities		286,741	861,716	857,877
Total equity and liabilities		364,057	677,238	590,212
Net current assets		66,187	224,548	141,986
Total assets less current liabilities		342,270	602,099	530,071

Balance Sheets — Company

	Note	As at December 31, 2017	As at December 31, 2018	As at April 30, 2019
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Investments in subsidiaries	*35*	717,471	1,159,944	1,164,884
Financial assets at fair value through other comprehensive income	*16*	6,455	6,810	6,490
		723,926	1,166,754	1,171,374
Current assets				
Other receivables		—	2	3
Amounts due from subsidiaries	*18*	190	192	3,063
Prepayments	*19*	—	3,010	7,407
Cash and cash equivalents	*21*	3,696	58,529	43,632
		3,886	61,733	54,105
Total assets		727,812	1,228,487	1,225,479
EQUITY				
Share capital	*23*	537,859	537,859	537,859
Other reserves	*24*	24,862	31,192	50,630
Accumulated losses		(71,966)	(120,482)	(162,607)
Total equity		490,755	448,569	425,882
LIABILITIES				
Non-current liabilities				
Financial instruments issued to investors	*27*	236,776	773,767	783,885
Current liabilities				
Accruals and other payables	*29*	281	6,151	15,712
Total liabilities		237,057	779,918	799,597
Total equity and liabilities		727,812	1,228,487	1,225,479
Net current assets		3,605	55,582	38,393
Total assets less current liabilities		727,531	1,222,336	1,209,767

Consolidated Statements of Changes in Equity

		Attributable to equity holders of the Company			
	Note	**Share capital**	**Other reserves**	**Accumulated losses**	**Total equity/ (deficit)**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2017		537,859	17,325	(336,836)	218,348
Loss for the year		—	—	(148,687)	(148,687)
Other comprehensive income	*24*	—	7,286	—	7,286
Total comprehensive loss		—	7,286	(148,687)	(141,401)
Transactions with owners					
Share-based compensation expense	*24*	—	369	—	369
Total transactions with owners		—	369	—	369
Balance at December 31, 2017		537,859	24,980	(485,523)	77,316
Balance at January 1, 2018		537,859	24,980	(485,523)	77,316
Loss for the year		—	—	(268,263)	(268,263)
Other comprehensive loss	*24*	—	(19,208)	—	(19,208)
Total comprehensive loss		—	(19,208)	(268,263)	(287,471)
Transactions with owners					
Share-based compensation expense	*24*	—	25,677	—	25,677
Total transactions with owners		—	25,677	—	25,677
Balance at December 31, 2018		537,859	31,449	(753,786)	(184,478)
Balance at January 1, 2018		537,859	24,980	(485,523)	77,316
Loss for the period		—	—	(70,290)	(70,290)
Other comprehensive income	*24*	—	8,723	—	8,723
Total comprehensive loss		—	8,723	(70,290)	(61,567)
Transactions with owners					
Share-based compensation expense	*24*	—	7,373	—	7,373

	Note	Attributable to equity holders of the Company			
		Share capital	Other reserves	Accumulated losses	Total equity/ (deficit)
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total transactions with owners		—	7,373	—	7,373
Balance at April 30, 2018 (Unaudited)		537,859	41,076	(555,813)	23,122
Balance at January 1, 2019		537,859	31,449	(753,786)	(184,478)
Loss for the period		—	—	(102,351)	(102,351)
Other comprehensive loss	*24*	—	14,224	—	14,224
Total comprehensive loss		—	14,224	(102,351)	(88,127)
Transactions with owners					
Share-based compensation expense	*24*	—	4,940	—	4,940
Total transactions with owners		—	4,940	—	4,940
Balance at April 30, 2019		537,859	50,613	(856,137)	(267,665)

Consolidated Statements of Cash Flows

	Note	Year ended December 31,		Four months ended April 30,	
		2017	2018	2018	2019
		RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cash used in operating activities					
Net cash used in operations	*31(a)*	(117,590)	(175,107)	(45,656)	(83,888)
Interest received		431	727	192	1,344
Interest paid		(229)	(2,452)	(421)	(131)
Net cash used in operating activities		(117,388)	(176,832)	(45,885)	(82,675)
Cash flow from investing activities					
Purchase of property, plant and equipment		(111,908)	(69,604)	(3,275)	(19,489)
Purchase of intangible assets	*14*	(448)	(1,552)	(1,238)	(210)
Prepayments for property, plant and equipment		(22,327)	(7,042)	(18,478)	(869)
Proceeds from disposal of financial assets at amortized cost		10,000	—	—	—
Investment in financial assets at fair value through profit or loss		(60,300)	(116,500)	(7,000)	(14,000)
Proceeds from disposal of financial assets at fair value through profit or loss	*20*	74,026	147,631	31,756	4,128
Net cash (used in) / generated from investing activities		(110,957)	(47,067)	1,765	(30,440)
Cash flows from financing activities					
Proceeds from issuance of convertible bonds	*27*	206,512	97,395	97,395	—
Proceeds from issuance of convertible preferred shares	*27*	—	391,926	—	—
Proceeds from bank borrowings	*31(d)*	30,000	38,693	20,000	—
Payment for listing expenses		—	(1,446)	—	(1,917)
Repayment of bank borrowings	*31(d)*	—	(68,193)	—	(500)
Payment of lease liabilities	*31(d)*	(1,333)	(774)	(402)	(382)
Net cash generated from /(used in) financing activities		235,179	457,601	116,993	(2,799)
Net increase/(decrease) in cash and cash equivalents		6,834	233,702	72,873	(115,914)
Cash and cash equivalents at beginning of the year		20,044	24,581	24,581	256,751
Exchange losses on cash and cash equivalents		(2,297)	(1,532)	(8,012)	(1,431)
Cash and cash equivalents at end of the year	*21*	24,581	256,751	89,442	139,406

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

TOT BIOPHARM International Company Limited (the "**Company**") was incorporated in Hong Kong on December 4, 2009 as a company with limited liability under the Hong Kong Law. The address of its registered office is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (together, the "**Group**") are primarily engaged in research and development ("**R&D**"), manufacturing, and marketing of anti-tumor drugs in the People's Republic of China (the "**PRC**").

The Historical Financial Information contained in this Accountant's Report does not constitute the Company's statutory annual consolidated financial statements for any of the financial years ended December 31, 2017 and 2018. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

As the Company is a private company in the years ended December 31, 2017 and 2018, it is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

The Company's then auditor, Bentleys C.P.A. Company Limited, has reported on the company level financial statements for the year ended December 31, 2017. The auditor's report was qualified as group accounts have not been prepared which is not in accordance with Hong Kong Financial Reporting Standard No. 10 "Consolidated Financial Statements" issued by the Hong Kong Institute of Certified Public Accountants and contain statements under section 407(2) and 407(3) of the Companies Ordinance. The auditor's report did not include a reference to any matters to which the auditor drew attention by way of emphasis and did not contain a statement under section 406(2) of the Companies Ordinance.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information of the Group has been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by HKICPA.

The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are carried at fair value.

The preparation of Historical Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

The Historical Financial Information has been prepared on a going concern basis. The Group's business is in the new drug development stage with significant expenditures for research and development activities. While the Group has net deficits and net operating cash outflows, the Group has positive working capital resulting from capital raising activities through issuance of convertible bonds and convertible preferred shares.

As at April 30, 2019, the Group had net deficits of RMB267,665,000, mainly due to convertible preferred shares issued to investors with carrying amount of RMB783,885,000 under non-current liabilities. Such convertible preferred shares would not be contractually redeemable within the next twelve months period, subject to redemption and other clauses as set out in Note 27. The holders of these convertible preferred shares have confirmed that their shares will automatically be converted into ordinary shares upon the closing of the global offering. Accordingly, the directors are of the opinion that the convertible preferred shares are not expected to have cash flow impact on the Group in the next twelve months.

Accordingly, the directors of the Company consider that it is appropriate to prepare the Historical Financial Information on a going concern basis.

All effective standards, amendments to standards and interpretations, including HKFRS 15 and HKFRS 9, which are mandatory for the financial year beginning January 1, 2018, and HKFRS 16, which is mandatory for the financial year beginning January 1 2019, are consistently applied to the Group for the Track Record Period.

2.1.1 New standards, amendments to standards and interpretations not yet adopted

Standards, amendments and interpretations that have been issued but not yet effective and not been early adopted by the Group during the Track Record Period are as follows:

		Effective for annual periods beginning on or after
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 17	Insurance Contracts	January 1, 2021
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	January 1, 2020
Amendments to HKAS 1 and HKAS 8	Definition of Material	January 1, 2020
Amendments to HKFRS 3	Definition of a Business	January 1, 2020

The Group has already commenced an assessment of the impact of the new or revised standards which are relevant to the Group's operation.

There are no other standards that are not yet effective and that are expected to have a material impact on the Group's financial performance and position.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive loss, statements of changes in equity and balance sheets respectively.

(b) Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners.

2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Company's functional currency is United States Dollars ("**USD**"); however, the consolidated financial statements are presented in RMB. As the major operations of the Group are within the PRC, the Group determined to present its consolidated financial statements in RMB (unless otherwise stated).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in consolidated statements of comprehensive loss in the period in which they arise.

Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

All foreign exchange gains and losses are presented in the consolidated statements of comprehensive loss within "Other gains/(losses) – net".

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(ii) Income and expenses for each statement of comprehensive loss are translated at average exchange rates of that period; and

(iii) All resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs incurred during the construction period are capitalized.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to consolidated statements of comprehensive loss during the period in which they are incurred.

Construction in progress represents unfinished construction and equipment under construction or pending installation, and is stated at cost less impairment losses. Cost comprises direct costs of construction including borrowing costs attributable to the construction during the period of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives, as follows:

Building	20 years
Plant and equipment	10 years
Machinery	5-10 years
Testing equipment	5-10 years
Others	5-10 years

The assets' residual values representing 5% of the original cost, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other gains/(losses) — net" in the consolidated statements of comprehensive loss.

2.7 Intangible assets

(a) Software

Computer software is recognized at historical cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses. The Group amortized on a straight-line basis over their estimated useful lives of 5 years.

(b) Research and development expenditures

The Group incurs significant costs and efforts on research and development activities, which include expenditures on biosimilar and oncology drug.

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 is recognized if, and only if, all of the following have been demonstrated:

(i) the technical feasibility of completing the intangible assets so that it will be available for use or sale;

(ii) the intention to complete the intangible asset and use or sell it;

(iii) the ability to use or sell the intangible assets;

(iv) the intangible asset will generate probable future economic benefits;

(v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(vi) 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. The Group generally considers capitalization criteria is met when obtaining regulatory approval. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in consolidated statements of comprehensive loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any).

2.8 Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the following measurement categories:

(i) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

(ii) Those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held and cash flow characteristics. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.9.2 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recorded in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are

measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest method.

Fair value through other comprehensive income ("**FVOCI**"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in "other gains/losses". Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses and impairment expenses are presented in "Other gains/(losses) — net".

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the consolidated statements of comprehensive loss within "Other gains/(losses) — net", net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) — net in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be

contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.11 Impairment of financial assets

The Group has two types of financial assets subject to HKFRS 9's new expected credit loss model:

(a) trade receivables; and

(b) other receivables.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Impairment on other receivables is measured as either 12-month expected credit loss or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit loss.

2.12 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.13 Trade receivables and other receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

2.14 Prepayments

Prepayments mainly represent upfront cash payments made to contract research organizations ("**CROs**"), which are organizations that provide support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis.

Prepayments to CROs will be subsequently recorded as research and development expenses in accordance with the applicable performance requirements.

Prepayments which are generally due for transfer to expense within one year or less and therefore are all classified as current assets.

2.15 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.16 Share capital

Ordinary shares are classified as equity. Convertible preferred shares are classified as liabilities based on the respective contract terms.

Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Accruals and other payables

Accruals and other payables mainly represent the obligations to pay for services that have been acquired in the ordinary course of business. Accruals and other payables are presented as current liabilities unless payment is not due within one year or less after the reporting period.

Accruals and other payables are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.18 Financial instruments issued to investors

Financial instruments issued to investors consist of convertible bonds issued in 2017 and 2018 and convertible preferred shares issued in 2018. Accounting policies and other explanatory information of these financial instruments are elaborated as follows:

(a) Convertible preferred shares

During the Track Record Period and as at the date of this report, the Company entered into a series of share purchase agreements with financial investors and issued Class A convertible preferred shares and Class B convertible preferred shares, respectively.

Convertible preferred shares issued by the Company are redeemable upon occurrence of certain future events. This instrument can be converted into ordinary shares of the Company at any time at the option of the holders or

automatically converted into ordinary shares upon occurrence of an initial public offering ("**IPO**") of the Company.

The Group designated the convertible preferred shares as financial liabilities at fair value through profit or loss. They are initially recognized at fair value.

Subsequent to initial recognition, the convertible preferred shares are carried at fair value with changes in fair value recognized in the consolidated statements of comprehensive loss.

If the Company's own credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognized in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognizing in profit or loss for loan commitments or financial guarantee contracts.

(b) Convertible bonds

Convertible bonds issued by the Company bear an interest accrued at 8% annual rate on the outstanding principal amounts under the loan arrangements for the periods commencing on and from the dates of the loan agreements until the dates of payment in full of the outstanding principal amounts and the accrued interests thereon.

This instrument can be converted into ordinary shares of the Company at any time during a specific period with a prescribed price at the option of the holders. Interests on the outstanding principal amounts will be waived if the entire principal amounts have been converted into ordinary shares.

The Group designated the convertible bonds as financial liabilities at fair value through profit or loss. They are initially recognized at fair value.

Subsequent to initial recognition, the convertible bonds are carried at fair value with changes in fair value recognized in the consolidated statements of comprehensive loss.

If the Company's own credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognized in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognizing in profit or loss for loan commitments or financial guarantee contracts.

2.19 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in consolidated statements of comprehensive loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed as incurred.

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheets date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax

balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.21 Employee benefit expenses

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Pension obligations

Full-time employees in the PRC are covered by various government-sponsored defined contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these pension plans. Under these plans, the Group has no further payment obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred and contributions paid to the defined-contribution pension plans for an employee are not available to reduce the Group's future obligations to such defined-contribution pension plans even if the employee leaves.

TOT BIOPHARM Company Limited ("**TOT Taipei**"), a subsidiary of the Company, has established a defined contribution pension plan under the Labour Pension Act, covering all regular Taiwan employees. Under the plan, the Group contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labour Insurance.

(c) Housing funds, medical insurance and other social insurance

Employees in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plans. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to

certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable.

(d) Bonus plan

The expected cost of bonus is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(e) Employee leave entitlement

Employee entitlement to annual leave are recognized when they have accrued to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlement to sick leave and maternity leave is not recognized until the time of leave.

2.22 Share-based compensation benefits of the Group

(a) Equity-settled share-based payment transaction

The Group operates stock options granted to employees, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of equity instruments (options) is recognized as an expense on the consolidated financial statements. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

(i) including any market performance conditions;

(ii) excluding the impact of any service and non-market performance vesting conditions;

(iii) including the impact of any non-vesting conditions (for example, the requirement for employees to serve).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statements of comprehensive loss, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement date and grant date.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period.

(b) Share-based payment transaction among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiaries in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiaries undertakings, with a corresponding credit to equity in separate financial statements of the Company.

2.23 Government grants

Government grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions. Government grants related to costs are recognized in consolidated statements of comprehensive loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortized to consolidated statements of comprehensive loss over the estimated useful lives of the related assets using the straight-line method.

2.24 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects

current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

2.25 Revenue recognition

Revenue is recognized to depict the transfer of promised services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Revenue is recognized when, or as, obligations under the terms of a contract are satisfied, which occurs when control of the promised products or services is transferred to customers. Revenue is measured as the amount of consideration the Group expects to receive in exchange for transferring products or services to a customer ("**transaction price**").

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Depending on the terms of the contract and the laws applicable, control of the goods and services may be transferred over time or at a point in time.

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 using the same approach as for trade receivables. 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. There is normally no significant cost to obtain contract.

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.

The following is a description of the accounting policy for the principal revenue streams of the Group.

(a) Revenue from contract development and manufacturing organization ("CDMO") services

Contract development and manufacturing organization, or CDMO, provides integrated services including drug manufacturing, development, optimization and trial production etc. These services allow companies to outsource development and manufacturing work and move quickly from product concept into first-in-human studies.

The Group earns revenues from providing CDMO services to other pharmaceutical companies. Contract duration are generally less than one year and include a single performance obligation as delivery of integrated services over a period of time. The contract is normally at fixed price and paid according to milestones specified in the contract. Upfront payments received by the Group is initially recognized as a contract liability. Services revenue is recognized as a performance obligation satisfied over time based on the stage of completion of the contract. The Group uses input method to measure progress towards complete satisfaction of the performance obligation under HKFRS 15. Costs including raw materials, labour, depreciation and other production costs attributable to CDMO services are included in "cost of revenue".

(b) Revenue from contract manufacturing organization ("CMO") services

Contract manufacturing organization, or CMO, provide commercial manufacturing of products for companies that had already developed and validated pharmaceutical manufacturing processes.

The Group earns revenues from providing CMO services to other pharmaceutical companies. Contract duration is generally less than one year. If the contract is early terminated, the Company is only entitled to the compensation for the cost of any in-progress or undelivered products. Therefore the contract is accounted for at point in time upon transfer of the control of the product to the customers which is generally when the customers accept the products. Contract price is generally fixed and paid according to payment schedule as agreed in the contract. Upfront payments received by the Group is initially recognized as a contract liability. Costs including raw materials, labour, depreciation and other production costs attributable to CMO services are included in "cost of revenue".

(c) Revenue from license granted

The Group provides license of its intellectual properties ("**IP**") to customers as well as providing certain R&D service. The license of IP and the R&D service are distinct performance obligations. The consideration comprises a fixed element (the upfront payment) and two variable elements (development milestone payment and royalties based on future sales). Initially only fixed

consideration is included in the transaction price. The amount of the variable consideration for milestone payments included in the transaction price is determined to be zero at inception, based on the most likely amount and the application of the variable consideration constraint, i.e. such variable consideration is only included in the transaction price when it is highly probable that no significant reversal of revenue when the uncertainty is resolved. The non-refundable upfront payment only relates to the license and R&D service. The upfront payment is allocated between the two performance obligations based on the stand-alone selling price. The sales-based royalty will only be included in the transaction price when actual sales are made.

The control of the license transfers at point in time, when the customer obtains the right to use the underlying IP of the license. Control of the R&D service is transferred over time based on the progress measured using input method. The sales-based royalties are recognized as revenue when the subsequent sales are made.

Costs related to licensing and R&D services are included in "research and development expenses".

(d) Revenue from commission

The Group earns commission from providing promotion services to its customers, which are pharmaceutical companies, helping them to sell their products in the market. The Group is not the principal for selling those products, as it does not have control over the products to be sold, act as the primary obligor for selling the product, bear any inventory risk nor have any price discretion. The commission is based on pre-determined percentage of the actual monthly sales, and settled with the customers on a quarterly basis, subject to annual price adjustment based on actual volume. The Group includes the price adjustment in the transaction price such that it is highly probable that there will not be significant reversal of revenue in future when the uncertainty is resolved. The right to consideration relating to price adjustment is recorded as contract assets and it will be transferred to receivables when the right is unconditional except for passage of time. The Group is not the principal in selling the products. Accordingly, the Group recognizes commission revenue at the net amount to which it expects to be entitled in exchange for its service. Costs related to the service are included in "selling expenses".

(e) Sales of goods

The Group sells certain nutritional supplements to cancer patients. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location where the risks of obsolescence and loss have been transferred to the client, and either the client

has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. The price is normally fixed and with no sales discount or volume rebate. Goods return are very rare. Costs related to sales of goods are included in "cost of revenue".

2.26 Leases as lessee

The Group leases properties and land use right in the PRC as lessee. Rental contracts of properties are typically made for fixed periods of 2 to 5 years but may have extension options as described below. Land use right is made for fixed periods of 50 years.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The consideration paid to lease the state-owned or collectively-owned land in the PRC are treated as prepayment for land use rights and included in right of use assets, which are stated at cost less accumulated amortization and impairment loss, if any. Land use rights are amortized over the lease period using straight-line method.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the Group, as a lessee, exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the incremental borrowing rate of respective entities. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statements of comprehensive loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise equipment and small items of office furniture.

Extension options are only included in the lease term if the lease is reasonably certain to be extended. The Group determine the lease term as the non-cancellable period of a lease, together with both:

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and

- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

2.27 Interest income

Interest income is recognized on a time-proportion basis taking into account of the principal outstanding and the effective interest rate over the period to maturity, when it is determined that such income will accrue to the Group.

2.28 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's directors or shareholders, where applicable.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

3.1.1 Market risk

(a) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The Company's functional currency is USD. The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currency.

Certain bank balances and cash, trade receivables and other receivables, contract assets and other payables are denominated in foreign currencies of respective group entities which are exposed to foreign currency risk. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Group has entities operating in USD, New Taiwan Dollars ("**NTD**") and RMB, and the Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in the future, as may be necessary.

Most foreign exchange transactions were denominated in USD for the group companies that have functional currency in RMB. As at December 31, 2017 and 2018 and April 30, 2019, if the USD strengthened/weakened by 5% against the RMB with all other variables held constant, net loss for the years/period would have been RMB427,000 lower/higher, RMB9,626,000 lower/ higher and RMB5,125,000 lower/higher, respectively.

(b) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheets as at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

The Group's investments in equity securities comprise listed stock, which were listed at over-the-counter market of Taiwan. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, other components of equity for the years ended December 31, 2017 and 2018 and the four months ended April 30, 2019 would have increased/decreased by RMB322,755, RMB340,481 and RMB324,506, respectively, as a result of change in other comprehensive income for equity investment at fair value through other comprehensive income.

(c) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. The Group has not hedged its cash flow or fair value interest-rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 28.

As at December 31, 2017, the Group had RMB30,000,000 loan at floating rate, if interest rates had been 0.5% higher/lower with all other variables held constant, post-tax loss for the year ended December 31, 2017 would have been RMB9,375 higher/lower, mainly as a result of changes in interest expense on floating rate borrowings. There are no floating rate borrowings as at December 31, 2018 and April 30, 2019.

3.1.2 Credit risk

Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

(a) Trade receivables and contract asset

Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored. Credit risks mainly arises from credit exposure from CDMO and CMO customers, credit terms are usually 60 days. Management makes periodic assessments as well as individual assessment on the recoverability based on historical settlements records and experience and adjusts for forward-looking information. The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract asset.

All of the Group's customers are other reputable pharmaceutical companies. As at December 31, 2017 and 2018 and April 30, 2019, the Group has assessed that the expected loss rate for trade receivables and contract asset was immaterial, taking into consideration the low historical default rates and the expectation that significant change of forward-looking factors is unlikely. Thus, no loss allowance provision for trade receivables and contract assets were recognized during the Track Record Period.

(b) Cash and cash equivalents, financial assets at fair value through profit or loss and other receivables

To manage this risk, cash and cash equivalents and financial assets at fair value through profit or loss are mainly placed or invested with state-owned or reputable financial institutions in the PRC and reputable international financial institutions outside of the PRC. There has been no history of default in the recent years in relation to these financial institutions. Credit risks from other receivables mainly arises from a

supplier (Note 18(a)(ii)) and the amount would be used to offset against purchases made by the Company. Management makes periodic assessments as well as individual assessment on the recoverability based on historical settlements records and past experience and adjusts for forward-looking information. Management has assessed that during the Track Record Period, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The directors of the Company does not expect any losses from non-performance by the counterparties of other receivables and no loss allowance provision for other receivables was recognized.

3.1.3 Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

The table below analyzes the Group's non-derivative financial liabilities that will be settled into relevant maturity grouping based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at December 31, 2017

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accruals and other payables *(Note 29)*	9,654	—	—	—
Borrowings (including interest payables)	4,599	4,538	24,830	—
Lease liabilities (including interest payables)	850	625	674	—
	15,103	5,163	25,504	—

As at December 31, 2018

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accruals and other payables *(Note 29)*	59,377	—	—	—
Borrowings (including interest payables)	521	—	—	—
Lease liabilities (including interest payables)	2,379	2,491	5,465	8,442
	62,277	2,491	5,465	8,442

As at April 30, 2019

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accruals and other payables *(Note 29)*	49,754	—	—	—
Lease liabilities (including interest payables)	2,554	2,558	6,116	9,003
	52,308	2,558	6,116	9,003

The Group recognizes the financial instruments issued to investors at fair value through profit or loss. Accordingly, the financial instruments issued to investors are managed on a fair value basis rather than by maturing dates (Note 27).

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital and provide returns for shareholders if the operation turns to profit. In order to maintain or adjust the capital structure, the Group may issue shares, convertible bonds, obtain borrowings from bank and dispose assets in order to repay or refill operation capital, adjust the amount of dividends and return capital to shareholders, to maintain or adjust the capital structure, but not limited to the above.

The Group monitors capital on the basis of the net debt equity ratio. This ratio is calculated as "net debt" divided by "total equity". Net debt is calculated as total borrowings less cash and cash equivalents. The net debt equity ratios as of December 31, 2017 and 2018 and April 30, 2019 were as follows.

	As at December 31,		As at April 30,
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Borrowings — repayable within one year	3,000	500	—
Borrowings — repayable after one year	27,000	—	—
Less: Cash and cash equivalents	(24,581)	(256,751)	(139,406)
Net debts/(Cash)	5,419	(256,251)	(139,406)
Total equity/(deficit)	77,316	(184,478)	(267,665)
Net debt equity ratio	7%	N/A	N/A

3.3 Fair value estimation

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, trade and other receivables (excluding prepayments), contract assets, borrowings and accruals and other payables) approximate their fair values.

The Group applies HKFRS 13 for financial instruments that are measured in the consolidated balance sheets at fair value, which requires disclosure of fair value measurements by levels of the following fair value measurement hierarchy:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the Group's assets and liabilities that were measured at fair value at December 31, 2017:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets:				
Financial assets at fair value through profit or loss	—	—	47,835	47,835
Financial assets at fair value through other comprehensive income	6,455	—	—	6,455
	6,455	—	47,835	54,290
Liabilities:				
Financial instruments — Convertible bonds	—	—	236,776	236,776

The following table presents the Group's assets and liabilities that were measured at fair value at December 31, 2018:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets:				
Financial assets at fair value through profit or loss	—	—	17,332	17,332
Financial assets at fair value through other comprehensive income	6,810	—	—	6,810
	6,810	—	17,332	24,142
Liabilities:				
Financial instruments — Convertible preferred shares	—	—	773,767	773,767

The following table presents the Group's assets and liabilities that were measured at fair value at April 30, 2019:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets:				
Financial assets at fair value through profit or loss	—	—	27,344	27,344
Financial assets at fair value through other comprehensive income	6,490	—	—	6,490
	6,490	—	27,344	33,834
Liabilities:				
Financial instruments — Convertible preferred shares	—	—	783,885	783,885

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

There were no changes in valuation techniques during the Track Record Period.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the Track Record Period.

The changes in level 3 instruments for the years ended December 31, 2017 and 2018 and the four months ended April 30, 2019 are presented in Notes 20 and 27.

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value at December 31, 2017	Valuation Technique	Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	RMB'000				
Financial products	47,835	Discounted cash flow method	Rate of return	2.20%-4.30% (2.56%)	The higher the rate of return, the higher the fair value
Convertible bonds	236,776	Discounted cash flow method and binomial model	Volatility	28.3%, 27.26% (28.3%, 27.26%)	The higher the volatility, the higher the fair value

Description	Fair value at December 31, 2018	Valuation Technique	Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	RMB'000				
Financial products	17,332	Discounted cash flow method	Rate of return	2.20%-4.30% (2.51%)	The higher the rate of return, the higher the fair value
Convertible preferred shares	773,767	Binomial model	Volatility	38.29%-44.63% (42.68%)	The higher the volatility, the higher the fair value

Description	Fair value at April 30, 2019	Valuation Technique	Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	RMB'000				
Financial products	27,344	Discounted cash flow method	Rate of return	2.20%~2.85% (2.53%)	The higher the rate of return, the higher the fair value
Convertible preferred shares	783,885	Binomial model	Volatility	39.60% (39.60%)	The higher the volatility, the lower the fair value

If the rate of return of financial products held by the Group had been 1% higher/lower, the loss before income tax for the years ended December 31, 2017 and 2018 and the four months ended April 30, 2018 and 2019 would have been approximately

RMB79,000 lower/higher, RMB45,000 lower/higher, RMB47,000 lower/higher and RMB75,000 lower/higher respectively.

Fair values of convertible bonds and convertible preferred shares are affected by changes in volatility. If the Group's volatility had increased/decreased by 5% with all other variables held constant, the loss before income tax for the years ended December 31, 2017 and 2018 and the four months ended April 30, 2018 and 2019 would have been approximately RMB1,563,000 higher/RMB912,000 lower, RMB11,396,000 higher/RMB11,526,000 lower, RMB2,085,000 higher/RMB1,106,000 lower and RMB309,000 lower/RMB431,000 higher respectively.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of property, plant and equipment

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

(b) Estimation of fair value of financial instruments

The financial instruments issued by the Company including convertible bonds and convertible preferred shares are not traded in an active market and the respective fair values are determined using valuation techniques. The discounted cash flow method was used to determine the total equity value of the Company and the binomial model was adopted to determine the fair value of the convertible bonds while the binomial model was adopted to determine the fair value of the convertible preferred shares. Key assumptions, such as discount rate, risk-free interest rate and volatility are disclosed in Note 27 and Note 3.3. Any changes in key assumptions used in the Binomial Model will have impacts on the fair values.

(c) Revenue recognition

For license revenue, the Group determined the customer obtained exclusive control of license when the license was transferred to the customer. The Group includes in the

transaction price all of the amount of variable consideration estimated (except for those sales-based royalties, which is only included in transaction price when actually incurred) only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The key accounting judgement is the estimation of variable consideration, which is the development milestones in this license revenue. Development milestones are included in transaction price when the Group can conclude that it is highly probable that there will not be a subsequent reversal of a significant amount of revenue.

(d) Research and development expenses

Development costs incurred on the Group's drug product pipelines are capitalized only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalized requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. During the Track Record Period, all expenses incurred for research and development activities were regarded as research expenses and therefore were expensed when incurred.

(e) Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option (for example, extension options whether to be exercised are determined by the actual research and development period). Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

5 SEGMENT AND REVENUE INFORMATION

(a) Description of segments and principal activities

The Group is engaged in the research, development and licensing of self-developed biological drug. The outcome of the Group's research and development activities will be given preference to be used by the Group for its own commercialization. There is one team managing and operating all revenue streams. Accordingly, management considers there is only one segment and hence no segment information is presented.

(b) License agreement with a customer

In January 2017, the Group entered into an agreement with pharmaceutical company for licensing its TAB014 bio-pharmaceutical know-how to the customer for development and commercialization for a period of 10 years. The agreement includes non-refundable upfront payment, milestone payments and sales-based royalty upon commercialization of the know-how. During the year ended December 31, 2017, the Group received the up-front license fee and the first milestone payment of RMB16,800,000 upon signing of the agreement and obtaining IND approval. No milestone was achieved in 2018 and the four months ended April 30, 2019. Revenue is recognized in accordance with the accounting policy disclosed in Note 2.25.

(c) The amount of each category of revenue is as follows:

	Year ended December 31,		Four months ended April 30,	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Timing of revenue recognition				
At a point in time:				
— Commission revenue	29,219	26,111	8,980	10,027
— License revenue	15,849	—	—	—
— CMO	3,109	11,274	—	6,466
— Sales of goods	—	527	—	179
— Others	—	107	—	8
Over time:				
— CDMO	3,431	1,200	238	1,483
	51,608	39,219	9,218	18,163

(d) The following table presents the analysis of contract assets and contract liabilities related to the above-mentioned arrangements.

	As at December 31,		As at April 30,
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Contract assets:			
— Consideration for services delivered — CDMO	—	40	1,070
— Consideration for commission revenue	2,206	2,020	3,605
Contract liabilities — CMO	—	(1,292)	—
Contract liabilities — CDMO	(207)	(1,730)	(528)
	1,999	(962)	4,147

(i) Contract liabilities arise from CDMO and CMO which are recognized when the payments are received before the services to customers and will be recorded as revenue within one year.

(e) Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities.

	Year ended December 31,		Four months ended April 30,	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue recognized that was included in the balance of contract liabilities at the beginning of the year				
— Service revenue — CMO	2,103	—	—	1,292
— Service revenue — CDMO	—	207	207	1,202
	2,103	207	207	2,494

(f) Unfulfilled long-term contracts

The license contract includes an upfront fee of RMB8,400,000 (including tax) and development milestone payments of RMB48,100,000 (including tax) in aggregate, the contract also include sales-based royalty. During the years ended December 31, 2017 and 2018, and the four months ended April 30, 2018 and 2019, revenue of RMB15,849,000, nil, nil and nil are recognized, respectively. The remaining development milestones and sales-based royalty are not included in the transaction price in accordance with the requirements for constraining estimates of variable consideration. As a result, as at December 31, 2017 and 2018 and April 30, 2019, after considering the constraint, there is no transaction price that would be allocated to unsatisfied performance obligations.

Except for the above-mentioned contracts, all other revenue contracts are for periods of one year or less or are billed based on time incurred. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(g) Geographical information

Geographical information of revenue and non-current assets other than financial assets for the years ended December 31, 2017 and 2018 and the four months ended April 30, 2018 and 2019 is as follows:

	Year ended December 31,			
	2017		2018	
	Revenue	*RMB'000* Non-current assets	Revenue	*RMB'000* Non-current assets
China	51,608	239,810	39,219	331,642
Others	—	2,210	—	1,241
	51,608	242,020	39,219	332,883

	Four months ended April 30,			
	2018		2019	
	Revenue	*RMB'000* Non-current assets	Revenue	*RMB'000* Non-current assets
	(Unaudited)	(Unaudited)		
China	9,218	257,225	18,163	334,317
Others	—	1,562	—	1,146
	9,218	258,787	18,163	335,463

(h) Information about major customers

The major customers which contributed more than 10% of the total revenue of the Group for the years ended December 31, 2017 and 2018 and the four months ended April 30, 2018 and 2019 are listed as below:

	Year ended December 31,		Four months ended April 30,	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Customer A	29,219	26,111	8,980	10,027
Customer B	15,849	—	—	—
Customer C	3,109	11,278	—	6,466
Total	48,177	37,389	8,980	16,493

6 EXPENSES BY NATURE

	Year ended December 31,		Four months ended April 30,	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Employee benefit expenses *(Note 7)*	49,735	85,826	23,766	28,455
Clinical trials (exclude employee benefit expenses)	41,230	90,462	12,188	8,039
Pre-clinical trials	3,293	2,298	10	197
R&D materials and consumables	11,412	13,591	2,880	9,212
Amortization and depreciation *(Notes 13,14 and 15)*	13,494	15,656	5,230	8,570
Other third-party research contracting costs	8,824	11,482	1,584	670
Conference fee	6,835	9,087	1,824	1,197
Travelling expenses	5,918	7,459	1,494	2,118
Marketing and promotion expenses	6,100	7,265	2,301	2,087
Professional services	2,640	4,391	773	3,272
Listing expenses	—	8,572	—	14,517
Commission expense for the issuance of convertible preferred shares	—	8,441	—	—
Repairs and maintenance expense	2,492	3,553	430	2,412
Utilities	4,172	9,303	1,965	4,300
Raw materials used for CDMO and CMO service	407	448	75	185
Other cost of CMO service transferred from WIP	—	980	—	2,789
Office leasing expenses	118	39	5	79
Promotion and advertisement expense	1,074	1,384	186	322
Other taxes	903	570	215	434
Auditor's remuneration — audit service	271	190	—	—
Other expenses	4,659	7,207	1,975	3,536
Total cost of revenue, research and development expenses, selling expenses and general and administrative expenses	163,577	288,204	56,901	92,391

Note: Cost of revenue includes cost of sales of goods and CMO/CDMO services.

7 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS)

	Year ended December 31,		Four months ended April 30,	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries, wages and bonuses	40,402	49,336	13,657	19,819
Contributions to pension plans (a)	3,536	4,062	1,144	1,549
Housing fund, medical insurance and other social insurance	3,701	4,576	1,329	1,710
Share-based compensation expenses *(Note 25)*	369	25,677	7,373	4,940
Other welfare for employees	1,727	2,175	263	437
	49,735	85,826	23,766	28,455

(a) The employees of the Group in the PRC are members of a state-managed pension scheme operated by the PRC Government. The Group is required to contribute a specified percentage of payroll costs as determined by local government authority to the pension obligations to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contribution under the scheme.

8 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' and chief executive's emoluments

Directors and chief executives' emoluments for the Track Record Period are set out as follows:

	Fees	Salary	Discretionary bonuses	Employer's social security costs	Share-based compensation expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2017						
Chairman of the Board						
Mr. Lin, Jung-Chin *(Note 1)*	2	—	—	—	—	2
Non-executive directors						
Mr. Cheng, Wann-Lai *(Note 2)*	2	—	—	—	—	2
Mr. Chen, Chun-Hong *(Note 3)*	1	—	—	—	—	1
Dr. Kung, Frank Fang-Chien	1	—	—	—	—	1
Mr. Fu, Shan *(Note 1)*	1	—	—	—	—	1
Mr. Kang, Pei	1	—	—	—	—	1
Mr. Ling, Yu-Chi *(Note 3)*	2	—	—	—	—	2
Executive directors						
Ms. Yeh-Huang, Chun-Ying	2	1,565	—	54	304	1,925
Dr. Liang, Min *(Note 3)*	1	926	—	92	18	1,037
	13	2,491	—	146	322	2,972

	Fees	Salary	Discretionary bonuses	Employer's social security costs	Share-based compensation expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2018						
Chairman of the Board						
Mr. Lin, Jung-Chin *(Note 1)*	2	—	—	—	—	2
Mr. Fu, Shan *(Note 1)*	1	—	—	—	—	1
Non-executive directors						
Mr. Cheng, Wann-Lai *(Note 2)*	1	—	—	—	—	1
Mr. Chen, Chun-Hong *(Note 3)*	—	—	—	—	—	—
Dr. Kung, Frank Fang-Chien	1	—	—	—	—	1
Mr. Kang, Pei	2	—	—	—	—	2
Mr. Ling, Yu-Chi *(Note 3)*	2	—	—	—	—	2
Mr. Qiu, Yu Min *(Note 2)*	1	—	—	—	—	1
Executive directors						
Ms. Yeh-Huang, Chun-Ying	2	1,649	—	54	5,309	7,014
Dr. Liang, Min *(Note 3)*	1	1,085	—	79	2,328	3,493
Dr. Liu, Jun *(Note 3)*	1	151	—	11	327	490
	14	2,885	—	144	7,964	11,007

	Fees	Salary	Discretionary bonuses	Employer's social security costs	Share-based compensation expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Four months ended April 30, 2018 (Unaudited)						
Chairman of the Board						
Mr. Lin, Jung-Chin *(Note 1)*	—	—	—	—	—	—
Non-executive directors						
Mr. Cheng, Wann-Lai *(Note 2)*	—	—	—	—	—	—
Mr. Chen, Chun-Hong *(Note 3)*	—	—	—	—	—	—
Dr. Kung, Frank Fang-Chien	—	—	—	—	—	—
Mr. Fu, Shan *(Note 1)*	—	—	—	—	—	—
Mr. Kang, Pei	—	—	—	—	—	—
Mr. Ling, Yu-Chi *(Note 3)*	—	—	—	—	—	—
Executive directors						
Ms. Yeh-Huang, Chun-Ying	—	656	—	15	1,705	2,376
Dr. Liang, Min *(Note 3)*	—	406	—	30	795	1,231
	—	1,062	—	45	2,500	3,607

	Fees	Salary	Discretionary bonuses	Employer's social security costs	Share-based compensation expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Four months ended April 30, 2019						
Chairman of the Board						
Mr. Fu, Shan *(Note 1)*	1	—	—	—	—	1
Non-executive directors						
Dr. Kung, Frank Fang-Chien	—	—	—	—	—	—
Mr. Kang, Pei	1	—	—	—	—	1
Mr. Qiu, Yu Min *(Note 2)*	1	—	—	—	—	1
Mr. Chang, Hong-Jen *(Note 4)*	1	—	—	—	—	1
Ms. Hu, Lan *(Note 4)*	1	—	—	—	—	1
Dr. Sun, Lijun Richard *(Note 4)*	1	—	—	—	—	1
Executive directors						
Ms. Yeh-Huang, Chun-Ying	1	698	—	14	988	1,701
Dr. Liu, Jun *(Note 3) (Note 5)*	1	598	1,564	23	716	2,902
	8	1,296	1,564	37	1,704	4,609

Note 1: Mr. Lin, Jung-Chin resigned on September 28, 2018. Mr. Fu, Shan was appointed as the chairman on September 28, 2018.

Note 2: Mr. Cheng, Wann-Lai resigned on 26 September 2018. Mr. Qiu, Yu Min was appointed on 26 September 2018.

Note 3: Mr. Chen, Chun-Hong, Mr. Ling, Yu-Chi and Dr. Liang, Min resigned on 26 October 2018. Dr. Liu, Jun was appointed on 26 October 2018.

Note 4: Ms. Hu, Lan, Dr. Sun, Lijun Richard, Mr. Chang, Hong-Jen were appointed as the Company's independent non-executive directors on March 12, 2019. During the years ended December 31, 2017 and 2018 and the four months ended April 30, 2018, the independent non-executive directors did not receive any remuneration.

Note 5: Discretionary bonuses are determined with reference to the human resources related government grants received and performance of the relevant director.

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the Track Record Period.

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the Track Record Period.

(d) Consideration provided to third parties for making available directors' services

During the Track Record Period, the Company did not pay consideration to any third parties for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by or entities connected with directors

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year/period or at any time during the Track Record Period.

(g) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include two, three, two and two directors for the years ended December 31, 2017 and 2018 and the four months ended April 30, 2018 and 2019, respectively. Their emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three, two, three and three individuals during the Track Record Period are as follows *(Note)*:

	Year ended December 31,		Four months ended April 30,	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries, wages and bonuses	3,179	4,268	1,439	1,517
Social security costs	156	150	47	62
Share-based compensation expenses	53	4,410	1,267	1,654
	3,388	8,828	2,753	3,233

Note: Emoluments of RMB8,828,000 for the year ended December 31, 2018 include the emoluments of certain directors in the capacity as an employee, during the period prior to appointment of the relevant director or upon resignation of the relevant director. The emoluments of such individuals solely in the capacity of a director is disclosed in Note 8(a).

The emoluments of the top five highest paid individuals fell within the following bands:

	Year ended December 31,		Four months ended April 30,	
	2017	2018	2018	2019
			(Unaudited)	
Emoluments bands				
Nil to HKD1,000,000	—	—	1	1
HKD1,000,001 to HKD1,500,000	4	—	3	1
HKD1,500,001 to HKD3,000,000	1	1	1	2
HKD3,000,001 to HKD4,500,000	—	1	—	1
HKD4,500,001 to HKD6,000,000	—	2	—	—
HKD6,000,001 to HKD7,500,000	—	—	—	—
HKD7,500,001 to HKD9,000,000	—	1	—	—
	5	5	5	5

9 OTHER GAINS/(LOSSES) — NET

	Year ended December 31,		Four months ended April 30,	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Government grants	4,733	12,514	1,550	111
Net foreign exchange losses	(382)	(1,191)	(733)	(3,661)
Loss on disposals of property, plant and equipment	(184)	(5)	—	—
Fair value gains on wealth management products at fair value through profit or loss *(Note 20)*	947	628	198	140
Others	886	(138)	(28)	276
	6,000	11,808	987	(3,134)

10 FINANCE INCOME/(COSTS) — NET

	Year ended December 31,		Four months ended April 30,	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Finance income				
— Interest income on bank deposits	52	727	192	1,344
— Interest from financial assets held for cash management purposes	418	—	—	—
	470	727	192	1,344
Interest expenses on bank borrowings *(Note 28)*	(144)	(2,120)	(554)	(7)
Interest expenses on lease liabilities	(133)	(284)	(29)	(260)
	(277)	(2,404)	(583)	(267)
	193	(1,677)	(391)	1,077

11 INCOME TAX EXPENSE

The Group's principal applicable taxes and tax rates are as follows:

(a) Hong Kong

No provision for Hong Kong profits tax has been provided for at the rate of 16.5% as the Company has no estimated assessable profit.

(b) Mainland China

No provision for Mainland China income tax has been provided for at a rate of 25% or 15% pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "**CIT Law**"), as the Group's PRC entities have no estimated assessable profits.

TOT BIOPHARM Co., Ltd. ("**TOT Suzhou**") is qualified as a "High and New Technology Enterprise" under the relevant PRC laws and regulations in 2014 and 2017. Accordingly, TOT Suzhou was entitled to a preferential income tax rate of 15% on its estimated assessable profits commencing from 2014 to 2020.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that was effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim 150% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year.

(c) Taiwan corporate income tax

The applicable Taiwan corporate income tax rate is 17% for the year ended December 31, 2017. The rate was adjusted to 20% starting from January 1, 2018. No provision has been provided as the Group's Taiwan subsidiary has no estimated assessable profit.

(d) The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to loss of the consolidated entities as follows:

	Year ended December 31,		Four months ended April 30,	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Loss before income tax	(148,687)	(268,263)	(70,290)	(102,351)
Tax calculated at statutory tax rates applicable to each group entity	(16,348)	(34,109)	(7,372)	(9,056)
Tax effect of:				
Expenses not deductible for tax purposes	—	1,088	295	181
Additional deduction of research and development and other expenses	(33)	(15,394)	(1,801)	(3,156)
Temporary differences not recognized as deferred tax assets	254	131	—	28
Tax loss not recognized as deferred tax assets	16,127	48,284	8,878	12,003
Income tax expense	—	—	—	—

(e) Deferred tax assets not recognized:

The Group has not recognized any deferred tax assets in respect of the following items:

	Year ended December 31,		Four months ended April 30,	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Deductible losses	54,957	102,569	63,155	114,293
Deductible temporary differences	254	385	254	413
	55,211	102,954	63,409	114,706

(f) Deductible losses that are not recognized as deferred tax assets will be expired as follows:

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
2018	7,096	—	—
2019	7,497	279	—
2020	9,572	642	642
2021	12,896	619	619
2022	14,374	936	936
2023	—	7,658	7,658
2024	—	7,218	7,218
2025	—	8,930	8,930
2026	1,588	13,865	13,865
2027	1,934	15,373	15,373
2028	—	47,049	47,049
2029	—	—	12,003
	54,957	102,569	114,293

Note: The tax losses of the Company's PRC subsidiaries will expire within five years (ten years for High and New Technology Enterprise with effect from January 1, 2018) while the tax losses of the Company's Taiwan subsidiary will expire within 10 years.

12 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss of the Group attributable to owners of the Company by weighted average number of ordinary shares issued during the Track Record Period.

	Year ended December 31,		Four months ended April 30,	
	2017	2018	2018	2019
			(Unaudited)	
Loss attributable to equity holders of the Company *(RMB'000)*	(148,687)	(268,263)	(70,290)	(102,351)
Weighted average number of ordinary shares in issue *(thousand)*	84,000	84,000	84,000	84,000
Basic loss per share *(RMB)*	(1.77)	(3.19)	(0.84)	(1.22)

Note: The loss per share presented above has not taken into account the proposed capitalization issue pursuant to the resolutions of the shareholders passed on September 30, 2019, as set out in Note 36, because the proposed capitalization issue has not become effective as at report date.

(b) Diluted loss per share

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 years ended December 31, 2017 and 2018 and the four months ended April 30, 2018 and 2019, the Company had three categories of potential ordinary shares: convertible preferred shares (Note 27), convertible bonds (Note 27) and the stock options granted to employees (Note 25). As the Group incurred losses for the years ended December 31, 2017 and 2018 and the four months ended April 30, 2018 and 2019, 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, 2017 and 2018 and the four months ended April 30, 2018 and 2019 are the same as basic loss per share of the respective years/periods.

13 PROPERTY, PLANT AND EQUIPMENT — GROUP

	Building	Plant and equipment	Machinery	Testing equipment	Others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2017							
Cost	69,159	6,376	16,421	31,108	2,637	7,204	132,905
Accumulated depreciation	(20,699)	(2,375)	(4,876)	(9,410)	(1,218)	—	(38,578)
Net book amount	48,460	4,001	11,545	21,698	1,419	7,204	94,327
Year ended December 31, 2017							
Opening net book amount	48,460	4,001	11,545	21,698	1,419	7,204	94,327
Additions	—	—	406	3,817	18	118,057	122,298
Disposals	—	—	(2,991)	(85)	(6)	(92)	(3,174)
Transfers	3,755	—	1,284	16,013	671	(21,723)	—
Depreciation charge *(Note 6)*	(5,483)	(606)	(1,271)	(3,715)	(488)	—	(11,563)
Closing net book amount	46,732	3,395	8,973	37,728	1,614	103,446	201,888
At December 31, 2017							
Cost	72,914	6,376	15,120	50,792	3,297	103,446	251,945
Accumulated depreciation	(26,182)	(2,981)	(6,147)	(13,064)	(1,683)	—	(50,057)
Net book amount	46,732	3,395	8,973	37,728	1,614	103,446	201,888
At January 1, 2018							
Cost	72,914	6,376	15,120	50,792	3,297	103,446	251,945
Accumulated depreciation	(26,182)	(2,981)	(6,147)	(13,064)	(1,683)	—	(50,057)
Net book amount	46,732	3,395	8,973	37,728	1,614	103,446	201,888
Year ended December 31, 2018							
Opening net book amount	46,732	3,395	8,973	37,728	1,614	103,446	201,888
Additions	4,109	66	540	33	43	101,445	106,236
Disposals	—	—	—	—	(5)	—	(5)
Transfers	57,272	38,474	3,846	13,963	4,709	(118,264)	—
Depreciation charge *(Note 6)*	(5,868)	(606)	(1,256)	(5,195)	(775)	—	(13,700)
Net exchange differences	—	—	—	—	1	—	1
Closing net book amount	102,245	41,329	12,103	46,529	5,587	86,627	294,420

	Building	Plant and equipment	Machinery	Testing equipment	Others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2018							
Cost	134,295	44,916	18,538	64,788	8,000	86,627	357,164
Accumulated depreciation	(32,050)	(3,587)	(6,435)	(18,259)	(2,413)	—	(62,744)
Net book amount	102,245	41,329	12,103	46,529	5,587	86,627	294,420
At January 1, 2018							
Cost	72,914	6,376	15,120	50,792	3,297	103,446	251,945
Accumulated depreciation	(26,182)	(2,981)	(6,147)	(13,064)	(1,683)	—	(50,057)
Net book amount	46,732	3,395	8,973	37,728	1,614	103,446	201,888
Four months ended April 30, 2018 (Unaudited)							
Opening net book amount	46,732	3,395	8,973	37,728	1,614	103,446	201,888
Additions	—	—	—	—	—	2,736	2,736
Disposals	—	—	—	—	—	—	—
Transfers	—	—	(650)	1,652	1,391	(2,393)	—
Depreciation charge *(Note 6)*	(589)	(202)	(437)	(1,634)	(1,776)	—	(4,638)
Closing net book amount	46,143	3,193	7,886	37,746	1,229	103,789	199,986
At April 30, 2018 (Unaudited)							
Cost	72,914	6,376	13,503	52,444	4,687	103,789	253,713
Accumulated depreciation	(26,771)	(3,183)	(5,617)	(14,698)	(3,458)	—	(53,727)
Net book amount	46,143	3,193	7,886	37,746	1,229	103,789	199,986
At January 1, 2019							
Cost	134,295	44,916	18,538	64,788	8,000	86,627	357,164
Accumulated depreciation	(32,050)	(3,587)	(6,435)	(18,259)	(2,413)	—	(62,744)
Net book amount	102,245	41,329	12,103	46,529	5,587	86,627	294,420

	Building	Plant and equipment	Machinery	Testing equipment	Others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Four months ended April 30, 2019							
Opening net book amount	102,245	41,329	12,103	46,529	5,587	86,627	294,420
Additions	1,707	819	79	837	678	7,601	11,721
Disposals	—	—	—	—	—	—	—
Transfers	—	135	413	2,409	1,911	(4,868)	—
Depreciation charge *(Note 6)*	(2,975)	(1,443)	(597)	(2,038)	(507)	—	(7,560)
Net exchange differences	—	—	—	—	(1)	—	(1)
Closing net book amount	100,977	40,840	11,998	47,737	7,668	89,360	298,580
At April 30, 2019							
Cost	136,002	45,870	19,030	68,034	10,587	89,360	368,883
Accumulated depreciation	(35,025)	(5,030)	(7,032)	(20,297)	(2,919)	—	(70,303)
Net book amount	100,977	40,840	11,998	47,737	7,668	89,360	298,580

(a) Depreciation charges have been charged to the consolidated statements of comprehensive loss as follows:

	Year ended December 31,		Four months ended April 30,	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cost of sales	1,135	1,560	82	287
Research and development expenses	8,826	11,206	4,237	6,649
Selling expenses	12	14	4	5
General and administrative expenses	1,590	920	315	619
	11,563	13,700	4,638	7,560

(b) Prepayments for property, plant and equipment amounted to RMB22,327,000, RMB7,042,000 and RMB4,497,000 as at December 31, 2017 and 2018 and April 30, 2019, respectively. During the year ended December 31, 2018 and the four months ended April 30, 2019, RMB22,327,000 and RMB4,980,000 were transferred from prepayments for property, plant and equipment to machinery, testing equipment and construction in progress, respectively.

(c) Capitalized borrowing costs are not material in the years ended December 31, 2017 and 2018 and the four months ended April 30, 2019.

(d) Property, plant and equipment which are pledged are disclosed in Note 28.

14 INTANGIBLE ASSETS — GROUP

	Year ended December 31,		Four months ended April 30,	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Software				
Cost	1,254	2,806	2,492	3,016
Accumulated amortization	(524)	(905)	(609)	(1,088)
Net book amount	730	1,901	1,883	1,928
Opening net book amount	482	730	730	1,901
Additions	448	1,552	1,238	210
Amortization charge *(Note 6)*	(200)	(381)	(85)	(183)
Closing net book amount	730	1,901	1,883	1,928

Amortization charges have been charged to the consolidated statements of comprehensive loss as follows:

	Year ended December 31,		Four months ended April 30,	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
General and administrative expenses	200	381	85	183

15 RIGHT-OF-USE ASSETS — GROUP

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Land use rights	14,711	14,366	14,250
Others	1,950	14,958	15,983
	16,661	29,324	30,233

(1) Land use rights

The Group's interests in land use rights represent prepaid operating lease payments for land located in the PRC and the lease term is 50 years. The net book amount of which is analyzed as follows:

	Year ended December 31,		Four months ended April 30,	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cost	17,273	17,273	17,273	17,273
Accumulated amortization	(2,562)	(2,907)	(2,678)	(3,023)
Net book amount	14,711	14,366	14,595	14,250
Opening net book amount	15,056	14,711	14,711	14,366
Amortization charges *(Note 6)*	(345)	(345)	(116)	(116)
Closing net book amount	14,711	14,366	14,595	14,250

Amortization charges have been charged to the consolidated statements of comprehensive loss as follows:

	Year ended December 31,		Four months ended April 30,	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Research and development expenses	282	282	97	97
General and administrative expenses	63	63	19	19
	345	345	116	116

(2) Others

The Group leases properties for own use. Information about leases for which the Group is a lessee is presented below:

	Year ended December 31,		Four months ended April 30,	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cost	3,336	16,523	2,256	18,287
Accumulated depreciation	(1,386)	(1,565)	(737)	(2,304)
Net book amount	1,950	14,958	1,519	15,983
Opening net book amount	3,203	1,950	1,950	14,958
Additions	—	14,210	—	1,764
Depreciation charge *(Note 6)*	(1,386)	(1,230)	(391)	(711)
Net exchange differences	133	28	(40)	(28)
Closing net book amount	1,950	14,958	1,519	15,983

The consolidated statements of comprehensive loss and the consolidated statements of cash flows contain the following amounts relating to leases:

	Year ended December 31,		Four months ended April 30,	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Depreciation charge of right-of-use assets	1,386	1,230	391	711
Interest expenses	133	284	29	260
Expenses relating to short-term leases	118	39	5	79
The cash outflow for leases as operating activities	118	39	5	79
The cash outflow for leases as financing activities	1,333	774	402	382

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME — GROUP AND COMPANY

	Year ended December 31,		Four months ended April 30,	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Opening balance	9,535	6,455	6,455	6,810
Changes in the fair value of equity instruments at fair value through other comprehensive income *(Note 24)*	(3,080)	355	2,092	(320)
Closing balance	6,455	6,810	8,547	6,490

The balance represents the interest in equity securities which were listed at over-the-counter market of Taiwan. Accordingly, the fair value of the Group's investment is measurable, based on quoted market price. The currency of the Group's investment is NTD.

17 INVENTORIES — GROUP

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	—	—	738
Work in progress	980	2,789	—
Finished goods	—	316	416
	980	3,105	1,154

During the year, the Group has carried out regular reviews of the carrying amounts of inventories with reference to aged inventories analysis, expected future consumption, physical condition and management judgement. As a result, inventories of RMB430,000 and RMB189,000 have been written off and recognized in profit or loss in 2018 and the four months ended April 30, 2019, respectively.

18 TRADE RECEIVABLES AND OTHER RECEIVABLES

(a) Group

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	6,106	6,938	9,014
Other receivables	394	2,756	3,191
Trade receivables and other receivables	6,500	9,694	12,205

(i) Trade receivables

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	6,106	6,938	9,014
Less: provision for impairment of trade receivables	—	—	—
Trade receivables — net	6,106	6,938	9,014

Customers are generally granted with credit terms ranging from 15 to 60 days.

As of December 31, 2017 and 2018 and April 30, 2019, the ageing analysis of the trade receivables based on invoice date is as follows:

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Within 30 days	3,714	4,792	4,661
31 days to 90 days	1,386	2,146	4,265
91 days to 180 days	—	—	88
Over 181 days	1,006	—	—
	6,106	6,938	9,014

The carrying amounts of the Group's trade receivables are denominated in RMB and USD and approximate their fair values.

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables mentioned above.

(ii) Other receivables

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Other receivables			
Advance to a supplier *(Note)*	—	2,504	2,445
Other receivables	394	252	746
Less: provision for impairment of other receivables	—	—	—
Other receivables — net	394	2,756	3,191

Note: The party is a supplier of TOT Taipei. According to the purchase contract, the amount of the advance will be used to offset the purchase amount in 2019. In the scenario where the relevant purchase contract is early terminated and the advance has not been fully utilized, the supplier will repay the remaining amount within 60 days on an interest-free basis. The amount is unsecured.

The carrying amounts of the Group's trade receivables and other receivables are denominated in the following currencies:

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
RMB	1,347	1,805	3,206
USD	5,100	5,385	8,926
NTD	53	2,504	70
HKD	—	—	3
	6,500	9,694	12,205

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

The carrying amounts of the Group's other receivables approximate their fair values.

(b) Company

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from subsidiaries *(Note)*	190	192	3,063

Note: Represents amounts paid for service fee and deposits on behalf of subsidiaries. The amounts are unsecured, interest-free and repayable on demand.

19 PREPAYMENTS AND OTHER NON-CURRENT ASSETS

(a) Group

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Prepayments — current			
Prepaid research expenses	3,617	194	1,242
Prepayments for consumables	1,171	1,895	3,301
Prepayments for listing expenses	—	2,890	7,407
Prepaid insurance	247	185	110
Prepayments for inventories	—	2,504	2,005
Other prepayments	837	3,077	3,278
	5,872	10,745	17,343
Other non-current assets			
Value-added tax recoverable	27,352	36,053	41,628
Deposits	256	1,805	4,504
Other non-current assets	414	196	225
	28,022	38,054	46,357
	33,894	48,799	63,700

The carrying amounts of the Group's prepayments and other non-current assets are denominated in the following currencies:

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
RMB	33,304	45,487	51,570
USD	—	2,477	6,372
NTD	590	478	4,181
HKD	—	357	1,340
EUR	—	—	237
	33,894	48,799	63,700

(b) Company

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Prepayments — current			
Prepayments for listing expenses	—	2,890	7,407
Other prepayments	—	120	—
Total	—	3,010	7,407

The carrying amounts of the Company's prepayments are denominated in the following currencies:

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
USD	—	2,477	5,630
HKD	—	357	1,339
RMB	—	163	373
NTD	—	13	65
	—	3,010	7,407

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS — GROUP

	As at December 31,		Four months ended April 30,	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Opening balance	60,614	47,835	47,835	17,332
Change in fair value *(Note 9)*	947	628	198	140
Additions	60,300	116,500	7,000	14,000
Disposals	(74,026)	(147,631)	(31,756)	(4,128)
Closing balance	47,835	17,332	23,277	27,344

The Group entered into contracts in respect of wealth management products from banks or other financial institutions with an expected but not guaranteed rates of return ranging from 2.2% to 4.3% per annum for the years ended December 31, 2017 and 2018 and the four months ended April 30, 2018 and 2019. According to the contract terms, the Group should hold the financial products for at least 7 days. The Group managed and evaluated the performance of investments on a fair value basis, in accordance with the Group's risk management and investment strategy and hence are designated as financial assets at fair value through profit or loss as at December 31, 2017 and 2018 and April 30, 2019.

21 CASH AND CASH EQUIVALENTS

(a) Group

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Cash on hand			
— RMB	183	156	150
— NTD	7	7	7
Cash at bank			
— RMB	17,603	9,923	6,768
— USD	4,146	238,606	130,381
— NTD	2,642	8,059	1,576
— HKD	—	—	524
	24,581	256,751	139,406

(b) Company

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Cash on hand			
— NTD	4	4	4
Cash at bank			
— RMB	542	246	1,138
— USD	3,150	58,279	41,966
— HKD	—	—	524
	3,696	58,529	43,632

22 FINANCIAL INSTRUMENTS BY CATEGORY

(a) Group

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Assets			
Financial assets at fair value:			
— Financial assets at fair value through profit or loss *(Note 20)*	47,835	17,332	27,344
— Financial assets at fair value through other comprehensive income *(Note 16)*	6,455	6,810	6,490
Financial assets at amortized costs:			
— Deposit	256	1,805	4,504
— Trade receivables and other receivables *(Note 18)*	6,500	9,694	12,205
— Cash and cash equivalents *(Note 21)*	24,581	256,751	139,406
Total	85,627	292,392	189,949
Liabilities			
Financial liabilities at amortized cost			
— Other payables *(Note 29)*	9,654	59,737	49,754
— Borrowings *(Note 28)*	30,000	500	—
Lease liabilities-current *(Note 30)*	833	2,317	2,487
Lease liabilities-non-current *(Note 30)*	1,178	12,810	13,851
Financial liabilities at fair value			
— Convertible bonds *(Note 27)*	236,776	—	—
— Convertible preferred shares *(Note 27)*	—	773,767	783,885
Total	278,441	849,131	849,977

(b) Company

	As at December 31,		As at April 30,
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Assets			
Financial assets at fair value:			
— Financial assets at fair value through other comprehensive income or loss *(Note 16)*	6,455	6,810	6,490
Financial assets at amortized costs:			
— Other receivables	—	2	3
— Amounts due from subsidiaries *(Note 18)*	190	192	3,063
— Cash and cash equivalents *(Note 21)*	3,696	58,529	43,632
Total	10,341	65,533	53,188
Liabilities			
Financial liabilities subsequently measured at amortized cost			
— Other payables *(Note 29)*	281	6,151	14,428
Financial liabilities at fair value through profit or loss			
— Convertible bonds *(Note 27)*	236,776	—	—
— Convertible preferred shares *(Note 27)*	—	773,767	783,885
Total	237,057	779,918	798,313

23 SHARE CAPITAL — GROUP AND COMPANY

Registered, issued and fully paid:

	Number of ordinary shares	Nominal value	RMB equivalent value
	in thousands	*USD'000*	*RMB'000*
As at December 31, 2017	84,000	84,000	537,859
As at December 31, 2018	84,000	84,000	537,859
As at April 30, 2019	84,000	84,000	537,859

On December 4, 2009, the Company was incorporated in the Hong Kong as a company with limited liability with authorized share capital comprised of 12,400,000 shares at par value of USD1 per share.

24 OTHER RESERVES

(a) Group

	Share-based compensation reserve (i)	Foreign currency translation reserve (ii)	Gain/(Loss) from investments in equity instruments measured at fair value through other comprehensive income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2017	140	8,864	8,321	17,325
Share-based compensation expense *(Note 25)*	369	—	—	369
Currency translation differences	—	10,366	—	10,366
Loss from investments in equity instruments measured at fair value through other comprehensive income *(Note 16)*	—	—	(3,080)	(3,080)
At December 31, 2017	509	19,230	5,241	24,980

	Share-based compensation reserve (i)	Foreign currency translation reserve (ii)	Gain/(Loss) from investments in equity instruments measured at fair value through other comprehensive income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2018	509	19,230	5,241	24,980
Share-based compensation expense *(Note 25)*	25,677	—	—	25,677
Currency translation differences	—	(19,563)	—	(19,563)
Gain from investments in equity instruments measured at fair value through other comprehensive income *(Note 16)*	—	—	355	355
At December 31, 2018	26,186	(333)	5,596	31,449
At January 1, 2018	509	19,230	5,241	24,980
Share-based compensation expense *(Note 25)*	7,373	—	—	7,373
Currency translation differences	—	6,631	—	6,631
Gain from investments in equity instruments measured at fair value through other comprehensive income *(Note 16)*	—	—	2,092	2,092
At April 30, 2018 (Unaudited)	7,882	25,861	7,333	41,076
At January 1, 2019	26,186	(333)	5,596	31,449
Share-based compensation expense *(Note 25)*	4,940	—	—	4,940
Currency translation differences	—	14,544	—	14,544
Loss from investments in equity instruments measured at fair value through other comprehensive income *(Note 16)*	—	—	(320)	(320)
At April 30, 2019	31,126	14,211	5,276	50,613

(b) Company

	Share-based compensation reserve (i)	Foreign currency translation reserve (ii)	Gain/(Loss) from investments in equity instruments measured at fair value through other comprehensive income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2017	140	8,653	8,321	17,114
Share-based compensation expense *(Note 25)*	369	—	—	369
Currency translation differences	—	10,459	—	10,459
Loss from investments in equity instruments measured at fair value through other comprehensive income *(Note 16)*	—	—	(3,080)	(3,080)
At December 31, 2017	509	19,112	5,241	24,862
At January 1, 2018	509	19,112	5,241	24,862
Share-based compensation expense *(Note 25)*	25,677	—	—	25,677
Currency translation differences	—	(19,702)	—	(19,702)
Gain from investments in equity instruments measured at fair value through other comprehensive income *(Note 16)*	—	—	355	355
At December 31, 2018	26,186	(590)	5,596	31,192

	Share-based compensation reserve (i)	Foreign currency translation reserve (ii)	Gain/(Loss) from investments in equity instruments measured at fair value through other comprehensive income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2018	509	19,112	5,241	24,862
Share-based compensation expense *(Note 25)*	7,373	—	—	7,373
Currency translation differences	—	6,765	—	6,765
Gain from investments in equity instruments measured at fair value through other comprehensive income *(Note 16)*	—	—	2,092	2,092
At April 30, 2018 (Unaudited)	7,882	25,877	7,333	41,092
At January 1, 2019	26,186	(590)	5,596	31,192
Share-based compensation expense *(Note 25)*	4,940	—	—	4,940
Currency translation differences	—	14,818	—	14,818
Loss from investments in equity instruments measured at fair value through other comprehensive income *(Note 16)*	—	—	(320)	(320)
At April 30, 2019	31,126	14,228	5,276	50,630

(i) Share-based compensation reserve arises from share-based payments granted to employees of the Group.

(ii) Foreign currency translation reserve represents the difference arising from the translation of financial statements of companies within the Group that have a functional currency different from the presentation currency of RMB for the financial statements of the Company and the Group.

25 SHARE-BASED PAYMENTS

(a) Stock options granted

On February 20, 2013, the board of directors passed a resolution to grant 3,300,000 stock options (the "**2013 Plan**") to certain directors and senior management of the Group as rewards for their services, full time devotion and professional expertise to certain of the Group's subsidiaries. The exercise price of the options is USD1.00 per ordinary share. All options shall expire in ten years from the respective grant dates. The details of the vesting conditions are set out in note (b) below.

On December 11, 2017, the board of directors passed a resolution to (i) amend the vesting conditions of the grants under the 2013 plan and (ii) grant an additional 9,300,000 stock options (the "**2017 Plan**") to certain directors, senior management and employees of the Group, as rewards for their services to certain of the Group's subsidiaries. The exercise price of the options is USD1.00 per ordinary share. All options shall expire in ten years from the respective grant dates. The details of the vesting conditions are set out in note (b) below.

On December 20, 2018, the board of directors passed a resolution to grant 2,300,000 stock options (the "**2018 Plan**") to certain directors and senior management of the Group, as rewards for their services to certain of the Group's subsidiaries. The exercise price of the options is USD1.00 per ordinary share. All options shall expire in ten years from the respective grant dates. The details of the vesting conditions are set out in note (b) below.

(b) The Group's employee stock options arrangements are as follows:

Type of arrangement	Grant date	Contract period	Vesting conditions
Employee stock options — 2013	2013.2	10 years	*(Note i)*
Employee stock options — 2017	2017.12-2018.7	10 years	*(Note ii)*
Employee stock options — 2018	2019.1-2019.2	10 years	*(Note iii)*
Employee stock options — 2018	2019.1	10 years	*(Note iv)*

(i) The options are vested at different rates conditional on a service period of 2 years and achievement of certain performance condition.

On December 11, 2017, the board of directors passed a resolution to amend the vesting condition of share options granted under the 2013 plan. Such share options are 100% vested immediately.

(ii) Options are vested at different rates according to years worked as of December 31, 2017. The rates are shown as follows:

Years worked as of December 31, 2017	Vesting rates					
	1st year	2nd year	3rd year	4th year	5th year	6th year
Within 3 years	5%	10%	15%	20%	25%	25%
Between 3 and 4 years	10%	15%	20%	25%	30%	—
Between 4 and 5 years	15%	20%	20%	20%	25%	—
Over 5 years	25%	25%	25%	25%	—	—

(iii) Options are vested at different rates according to years worked as of December 31, 2018. The rates are shown as follows:

Years worked as of December 31, 2018	Vesting rates					
	1st year	2nd year	3rd year	4th year	5th year	6th year
Within 3 years	5%	10%	15%	20%	25%	25%
Between 3 and 4 years	10%	15%	20%	25%	30%	—
Between 4 and 5 years	15%	20%	20%	20%	25%	—
Over 5 years	25%	25%	25%	25%	—	—

(iv) The options are vested at different rates conditional on achievement of certain performance conditions.

(c) Set out below are summaries of options granted:

	Year ended December 31,			
	2017		2018	
	Average exercise price per stock option (in USD)	Number of share options (thousand shares)	Average exercise price per stock option (in USD)	Number of share Options (thousand shares)
As at beginning of the year	US$1	2,350	US$1	5,800
Granted during the year	US$1	3,450	US$1	6,270
Forfeited during the year	US$1	—	US$1	(340)
As at year end	US$1	5,800	US$1	11,730
Vested and exercisable at end of year	US$1	2,350	US$1	2,813

	Four months ended April 30,			
	2018		2019	
	Average exercise price per stock option (in USD)	Number of share options (thousand shares)	Average exercise price per stock option (in USD)	Number of share Options (thousand shares)
	(Unaudited)	(Unaudited)		
As at beginning of the period	US$1	5,800	US$1	11,730
Granted during the period	US$1	6,050	US$1	1,100
Forfeited during the period	US$1	—	US$1	(638)
As at period end	US$1	11,850	US$1	12,192
Vested and exercisable at end of period	US$1	2,350	US$1	3,713

No stock options were exercised in 2017, 2018 and the four months ended April 30, 2019.

No options expired during the periods covered by the above table.

(d) The fair value of the stock options granted have been valued by an independent qualified valuer using binomial option-pricing model as at the grant date. Key assumptions are set as below:

	2013 Plan	2017 Plan	2018 Plan
Risk-free interest rate	0.7725%	3.6306%-4.0004%	3.2260%-3.2634%
Expected term-year	8.3	6.66-6.84	7.27-7.36
Expected volatility	25.22%	39.98%-42.22%	40.39%
Grant date option fair value per share	NTD0.365	USD0.967-USD1.258	USD1.028-USD1.237
Exercise price	USD1	USD1	USD1

(e) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognized during the years ended December 31, 2017 and 2018 and the four months ended April 30, 2018 and 2019 as part of employee benefit expense are RMB369,000 and RMB25,677,000, RMB7,373,000 and RMB4,940,000 respectively.

26 DIVIDEND

No dividend has been paid or declared by the Company or the companies now comprising the Group during each of the years ended December 31, 2017 and 2018 and the four months ended April 30, 2018 and 2019.

27 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS — GROUP AND COMPANY

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Convertible preferred shares (a)	—	773,767	783,885
Convertible bonds (b)	236,776	—	—
Non-Current Portion	236,776	773,767	783,885

The key terms of these financial instruments are summarized as follows:

(a) Convertible preferred shares

Class A Convertible Preferred Shares

The holders of convertible bonds agreed to settle convertible bonds and acquired 25,417,983 shares of Class A Convertible Preferred Shares ("**Class A Preferred Shares**") on September 25, 2018. The fair value of convertible bonds on that day is RMB386,769,000 and the fair value of Class A Preferred Shares is RMB382,889,000. Due to such conversion, a de-recognition gain in financial instruments issued to investors amounting to RMB3,880,000 was recognized.

Class B Convertible Preferred Shares

The Company issued 25,756,893 shares of Class B Convertible Preferred Shares ("**Class B Preferred Shares**") at cash consideration of USD57,000,000 (equivalent to RMB391,926,000) in September 2018.

Terms of Class A Preferred Shares and Class B Preferred Shares

The Class A Preferred Shares and Class B Preferred Shares are collectively referred as "Convertible Preferred Shares". The key terms of the Preferred Shares are summarized as follows:

(i) Conversion right of the Class A Preferred Shares and Class B Preferred Shares

The Convertible Preferred Shares can be converted into fully-paid, non-assessable ordinary shares, based on the then-effective applicable conversion price at any time.

The conversion price is fixed at the preferred issue price per conversion share. The number of shares to be converted is fixed. In the event that the Company issues additional ordinary shares for a consideration per share received by the Company that is less than the applicable conversion price in effect on the date of and immediately prior to such issue, then and in such event, the relevant conversion price shall be reduced.

Pursuant to the confirmations from the holders of the Convertible Preferred Shares, all Convertible Preferred Shares will be automatically converted to ordinary shares upon the closing of the global offering in connection with the listing of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

(ii) Liquidation preferences of the Class A Preferred Shares and Class B Preferred Shares

In the event of any liquidation, dissolution or winding up of the Company, either voluntarily or involuntarily, the convertible preferred shareholders shall

be entitled to receive the liquidation preference amount, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of ordinary shares. The liquidation preference amount per share is calculated as follows:

The liquidation amount = Convertible preferred stock price*$(1+8\%)^{N}$

N: The total days from the delivery date to the actual payment date of the settlement / 365 days

If the value of the remaining assets of the Company is less than aggregate liquidation preference amount payable to the holders of Convertible Preferred Shares, then the remaining assets of the Company shall be distributed pro rata amongst the holders of all outstanding Convertible Preferred Shares. After distributing or paying in full the liquidation preference amount to all of the convertible preferred shareholders, the remaining assets of the Company available for distribution to members, if any, shall be distributed to the holders of ordinary shares and the convertible preferred shareholders on a pro rata basis, based on the number of ordinary shares then held by each shareholder on an as converted basis.

A liquidation event means (i) any liquidation, dissolution or winding up, either voluntarily or involuntarily, of the Company and (ii) any transaction involving (a) any sale, disposition, lease or conveyance by the Company of all or substantially all of its assets (including the sale or exclusive licensing of all or substantially all the intellectual property assets of the Company); or (b) any merger or consolidation of the Company with or into any other corporation or corporations or other entity or entities or any other corporate reorganization after which the holders of the Company's voting shares prior to such transaction own or control less than a Majority (means more than 50% of votes of each class of shares or more than 50% of votes of the Directors) of the outstanding voting shares of the surviving corporation or other entity on account of shares held by them prior to the transaction.

(iii) Redemption right of Class B Preferred Shares

The holders of Class A Preferred Shares do not have redemption right. The holders of Class B Preferred Shares have the right to require the Company to redeem the Class B Preferred Shares when the following events happen:

(a) The Company failed to complete qualified IPO or acquisition by another group within 48 months after the delivery date.

(b) Due to certain outstanding litigations of the Company, the sponsor (or underwriters) reasonably believes that the Company cannot complete the qualified IPO within 48 months after the delivery date.

(c) The controlling shareholders of the Company and/or the Company has materially breached applicable laws and/or this Agreement and Article of Corporation.

The Redemption amount= $A*P*(1+8\%)^{N}+B$

A: the shares of redemption

P: Class B Preferred Share unit price

N: The total days from the delivery date to the actual payment date of the redemption / 365 days

B: Any accrued or declared but unpaid dividends on the Class B Preferred Shares.

Pursuant to the confirmations from the holders of the Class B Preferred Shares, the redemption rights (except for the rights under (a)) were terminated on April 25, 2019. In the event that a qualified IPO has not been completed on or prior to December 31, 2019, such redemption rights shall be automatically reinstated.

Convertible Preferred Shares are recognized as financial liabilities at fair value through profit or loss because Convertible Preferred Shares have embedded derivatives for the conversion feature. They are initially recognized at fair value.

(b) Convertible bonds

The Company issued USD30,000,000 and USD15,000,000 convertible bonds in 2017 and 2018 respectively.

(i) Interest rate

The convertible bonds shall bear interest from and including the date of its issue at the rate of 8.0% per annum on the outstanding principal amount thereof. Interest shall be accrued daily on a 365 days basis and shall be paid in cash in full on the earlier of (1) the date of redemption and (2) the maturity date.

(ii) Maturity date

The loans mature 2 years from the issue date.

(iii) Conversion right

Upon the earlier of the following dates, any loans held by a loan holders which remains outstanding upon expiry of the redemption period shall automatically convert into conversion shares ("**Conversion Date**") (1) the date of completion of any subscription of shares by a third party, (2) there is any change of control of the Company, (3) a proposed qualified initial public offering is duly approved by the board and/or the shareholders of the Company and (4) the maturity date.

(iv) Redemption right

The loan holders have the right to require the Company to redeem any loans within five business days from a Conversion Date, and the loans shall bear interest from and including the date of its issue at the rate of 8% per annum on the outstanding principal amount thereof.

The convertible bonds are recognized as financial liabilities at fair value through profit or loss as the convertible bonds have embedded derivatives for the conversion.

The movements of Convertible Preferred Shares and convertible bonds for the years ended December 31, 2017 and 2018 and the four months ended April 30, 2019 are set out below:

	Convertible Preferred Shares	**Convertible bonds**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2017	—	—	—
Issuance	—	206,512	206,512
Fair value loss	—	42,911	42,911
Currency translation differences	—	(12,647)	(12,647)
At December 31, 2017	—	236,776	236,776
At January 1, 2018	—	236,776	236,776
Issuance	774,815	97,395	872,210
Fair value (gain)/loss	(370)	33,659	33,289
Settlement of convertible bonds *(Note 27 (a))*	—	(386,769)	(386,769)
Currency translation differences	(678)	18,939	18,261
At December 31, 2018	773,767	—	773,767

	Convertible Preferred Shares	Convertible bonds	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2018	—	236,776	236,776
Issuance	—	97,395	97,395
Fair value loss	—	23,203	23,203
Currency translation differences	—	(9,640)	(9,640)
At April 30, 2018 (Unaudited)	—	347,734	347,734
At January 1, 2019	773,767	—	773,767
Issuance	—	—	—
Fair value loss	26,066	—	26,066
Currency translation differences	(15,948)	—	(15,948)
At April 30, 2019	783,885	—	783,885

The Company has engaged an independent valuer to determine the fair value of Preferred Shares and convertible bonds. The discounted cash flow method was used to determine the total equity value of the Company and the binomial model was adopted to determine the fair value of the convertible bonds while the binomial model was adopted to determine the fair value of the Convertible Preferred Shares.

Key valuation assumptions used to determine the fair value of Convertible Preferred Shares and convertible bonds as at December 31, 2017 and 2018 and April 30, 2019 are as follows:

	As at December 31,		As at April 30,
	2017	2018	2019
Discount rate	7.79%	N/A	N/A
Risk-free interest rate	1.23%-1.43%	0.49%-3.00%	3.1360%
Volatility	27.26%-28.30%	38.29%-44.63%	39.6%
Probability for a qualified IPO	5%	70%	90%

Key valuation assumptions used to determine the fair value of Class A Preferred Shares and convertible bonds as at settlement of convertible bonds are as follows:

	At settlement	
	Convertible bonds	Class A Preferred Shares
Discount rate	9.37%	N/A
Risk-free interest rate	—	0.49%-3.47%
Volatility	—	33.71%-45.60%

28 BORROWINGS — GROUP

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
— Secured bank borrowings *(Note)*	27,000	—	—
Current			
— Secured bank borrowings *(Note)*	3,000	—	—
— Unsecured bank borrowings	—	500	—
Total borrowings	30,000	500	—

Note: The Group's assets pledged as collateral and restricted are as follows:

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Buildings	17,788	—	—
Construction in progress	2,690	—	—
Land use rights	14,711	—	—
	35,189	—	—

As at December 31, 2017 and 2018 and April 30, 2019, the Group's bank borrowings were repayable as follows:

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	3,000	500	—
Between 1 and 2 years	3,000	—	—
Between 2 and 5 years	24,000	—	—
Over 5 years	—	—	—
	30,000	500	—

The weighted average effective interest rates at each balance sheet date were as follows:

	As at December 31,		As at April 30,
	2017	2018	2019
Bank borrowings — RMB	5.225%	5.438%	N/A

The fair values of borrowings equal to their carrying amounts as the discounting impact is not significant.

As at December 31, 2017 and 2018, the Group did not have any other bank facility. As at April 30, 2019, the Group has unutilized bank facility of RMB100,000,000.

29 ACCRUALS AND OTHER PAYABLES

(a) Group

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Staff salaries and welfare payables	7,705	9,605	7,212
Payables for purchase of property, plant and equipment	4,143	18,448	7,264
Accrued costs for research and development	2,157	27,419	21,336
Accrued promotion and advertisement fee	1,105	622	1,754
Accrued listing expenses	—	5,679	14,846
Payables due to related parties *(Note 33)*	19	3,071	63
Accrued office expenses and others	2,618	4,456	4,651
	17,747	69,300	57,126

The Group's accruals and other payables are denominated in the following currencies:

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
— RMB	15,562	58,741	41,261
— NTD	2,131	4,612	1,579
— HKD	—	1,574	2,191
— USD	54	4,373	12,095
	17,747	69,300	57,126

(b) Company

	As at December 31,		As at April 30,
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Accrued professional expenses	281	472	866
Accrued listing expenses	—	5,679	14,846
	281	6,151	15,712

The Company's accruals and other payables are denominated in the following currencies:

	As at December 31,		As at April 30,
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
— NTD	227	167	536
— USD	54	4,373	12,095
— HKD	—	1,574	2,191
— RMB	—	37	890
	281	6,151	15,712

30 LEASE LIABILITIES — GROUP

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Minimum lease payments due			
— Within 1 year	850	2,379	2,554
— Between 1 and 2 years	625	2,491	2,558
— Between 2 and 5 years	674	5,465	6,116
— Later than 5 years	—	8,442	9,003
	2,149	18,777	20,231
Less: future finance charges	(138)	(3,650)	(3,893)
Present value of lease liabilities	2,011	15,127	16,338

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	833	2,317	2,487
Between 1 and 2 years	581	2,312	2,376
Between 2 and 5 years	597	4,605	5,148
Later than 5 years	—	5,893	6,327
Present value of lease liabilities	2,011	15,127	16,338

The Group leases various properties and equipment and these lease liabilities were measured at net present value of the lease payments to be paid during the lease terms.

Extension options, at the Group's discretion, are included in a number of property leases across the Group.

Lease liabilities were discounted at incremental borrowing rates of the Group ranging from 4.76% to 4.90%.

For the total cash outflows for leases including payments of lease liabilities and payments of interest expenses on leases are disclosed in Note 15.

31 CASH USED IN OPERATIONS

(a) Reconciliation of loss before income tax to net cash used in operations

	Year ended December 31,		Four months ended April 30,	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Loss before income tax	(148,687)	(268,263)	(70,290)	(102,351)
Adjustments for:				
— Depreciation *(Notes 13 and 15)*	12,949	14,930	5,029	8,271
— Amortization *(Notes 14 and 15)*	545	726	201	299
— Share-based compensation expenses *(Note 25)*	369	25,677	7,373	4,940
— Interest income *(Note 10)*	(470)	(727)	(192)	(1,344)
— Interest on bank borrowings *(Note 10)*	144	2,120	554	7
— Interest on lease liabilities	133	284	29	260
— Fair value change in financial instruments *(Note 27)*	42,911	29,409	23,203	26,066
— Fair value change on financial assets at fair value through profit or loss *(Note 20)*	(947)	(628)	(198)	(140)
— Income from reversal of lease liability	—	—	—	(117)
— Disposal loss of property, plant and equipment *(Note 9)*	184	5	—	—
	(92,869)	(196,467)	(34,291)	(64,109)
Changes in working capital:				
— Inventories	(980)	(2,125)	(2,389)	1,951
— Trade receivables and other receivables	2,337	(3,194)	(3,140)	(2,511)
— Prepayments and other non-current assets	(18,829)	(10,564)	(7,328)	(8,050)
— Contract assets *(Note 5)*	(2,206)	146	(1,498)	(2,615)
— Cash paid for deposits	(25)	(1,549)	—	(2,699)
— Accruals and other payables *(Note 29)*	(2,934)	35,831	2,714	(3,361)
— Contract liabilities *(Note 5)*	(2,084)	2,815	276	(2,494)
	(24,721)	21,360	(11,365)	(19,779)
Cash used in operations	(117,590)	(175,107)	(45,656)	(83,888)

(b) In the consolidated statements of cash flows, proceeds from disposal of property, plant and equipment comprise:

	Year ended December 31,		Four months ended April 30,	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Net book amount *(Note 13)*	3,174	5	—	—
Payable on the disposed asset waived by a supplier	(2,990)	—	—	—
Losses on disposal of property, plant and equipment *(Note 9)*	(184)	(5)	—	—
Proceeds from the disposal	—	—	—	—

(c) The Company issued Class A Preferred Shares to settle its convertible bonds in September 2018 and this settlement did not affect the Group's cash flows.

(d) Changes in liabilities from financing activities:

	Short-term liabilities		Long-term liabilities		
	Lease Liabilities	Borrowings	Lease Liabilities	Borrowings	Financial instruments issued to investors
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2017	1,384	—	1,819	—	—
Cash flows	(1,333)	3,000	—	27,000	206,512
Impact of changes in foreign exchange rate	36	—	105	—	(12,647)
Other non-cash movement	746	—	(746)	—	—
Changes in fair value	—	—	—	—	42,911
At December 31, 2017	833	3,000	1,178	27,000	236,776

	Short-term liabilities		Long-term liabilities		
	Lease Liabilities	Borrowings	Lease Liabilities	Borrowings	Financial instruments issued to investors
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2018	833	3,000	1,178	27,000	236,776
Cash flows	(774)	(2,500)	—	(27,000)	489,321
Increase of right-of use assets	1,493	—	12,370	—	—
Impact of changes in foreign exchange rate	13	—	14	—	18,261
Other non-cash movement	752	—	(752)	—	—
Changes in fair value	—	—	—	—	29,409
At December 31, 2018	2,317	500	12,810	—	773,767

	Short-term liabilities		Long-term liabilities		
	Lease Liabilities	Borrowings	Lease Liabilities	Borrowings	Financial instruments issued to investors
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2018	833	3,000	1,178	27,000	236,776
Cash flows	(402)	20,000	—	—	97,395
Impact of changes in foreign exchange rate	(16)	—	(27)	—	(9,639)
Other non-cash movement	179	—	(179)	—	—
Changes in fair value	—	—	—	—	23,203
At April 30, 2018 (Unaudited)	594	23,000	972	27,000	347,735

	Short-term liabilities		Long-term liabilities		
	Lease Liabilities	Borrowings	Lease Liabilities	Borrowings	Financial instruments issued to investors
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2019	2,317	500	12,810	—	773,767
Cash flows	(382)	(500)	—	—	—
Increase of right-of use assets	144	—	1,619	—	—
Impact of changes in foreign exchange rate	(40)	—	(13)	—	(15,948)
Other non-cash movement	565	—	(565)	—	—
Income from reversal of lease liability	(117)	—	—	—	—
Changes in fair value	—	—	—	—	26,066
At April 30, 2019	2,487	—	13,851	—	783,885

32 COMMITMENTS — GROUP

(a) Capital commitments

Capital expenditures contracted for at each balance sheet date, but not yet incurred are as follows:

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	78,729	41,101	41,635

(b) Operating lease commitments

At the balance sheet dates, lease commitments of the Group for leases not yet commenced for short-term lease and low-value lease are as follows:

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
No later than 1 year	—	237	237
Later than 1 year and no later than 2 years	—	118	50
Later than 2 years and no later than 5 years	—	42	31
	—	397	318

(c) CRO contract commitments

The Group contracted third party to conduct research and development at each balance sheet date, but not yet incurred are as follows:

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
CRO Contract	13,755	4,576	7,872

33 RELATED PARTY TRANSACTIONS — GROUP

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the years ended December 31, 2017 and 2018 and four months ended April 30, 2018 and 2019, and balances arising from related party transactions as at December 31, 2017 and 2018 and April 30, 2019.

(a) Name and relationship with related parties

Name of related party	Nature of relationship
Center Laboratories Inc. ("**Centerlab**")	Parent company up to September 25, 2018 *(Note)*
BioEngine Technology Development Inc.	Controlled by Center Laboratories, Inc.
Univision Pharmaceutical Co., Ltd.	Controlled by Center Laboratories, Inc.
TPG Biologics, Inc.	Controlled by Center Laboratories, Inc.
Lumosa Therapeutics Co., Ltd.	Associate of Center Laboratories, Inc.

Note: On September 25, 2018, the Company issued Convertible Preferred Shares and Centerlab's ownership percentage in the Company decreased due to dilution. As a result, Centerlab ceased to have control over the Company on September 25, 2018 and the Company then becomes an associate of Centerlab.

(b) Transactions with related parties

Continuing transactions

(i) Service revenue

	Year ended December 31,		Four months ended April 30,	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Lumosa Therapeutics Co., Ltd.	—	527	—	222

(ii) Rental expenses

	Year ended December 31,		Four months ended April 30,	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Lumosa Therapeutics Co., Ltd.	32	24	8	17

(iii) Management service expense

	Year ended December 31,		Four months ended April 30,	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Center Laboratories Inc.	53	53	17	13

(iv) Research contracting costs

	Year ended December 31,		Four months ended April 30,	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Center Laboratories Inc.	—	2,982	—	—
TPG Biologics, Inc.	1,038	—	—	—
	1,038	2,982	—	—

(v) Conference fee

	Year ended December 31,		Four months ended April 30,	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Center Laboratories, Inc.	—	2	1	—
BioEngine Technology Development Inc.	3	3	—	—
	3	5	1	—

Non-continuing transactions

(i) Consultation service expense

	Year ended December 31,		Four months ended April 30,	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Univision Pharmaceutical Co., Ltd.	120	40	40	—

The related party transactions above were carried out on terms mutually agreed between the parties. In the opinion of the directors of the Company, these transactions are in the ordinary courses of business of the Group and in accordance with the terms of underlying agreements.

(c) Balances with related parties — trade

(i) Payables on management service

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Center Laboratories Inc.	5	5	—

(ii) Payables on rental expense

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Lumosa Therapeutics Co., Ltd.	11	—	11

(iii) Payables on conference fee

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
BioEngine Technology Development Inc.	3	6	—

(iv) Payables on contracting costs

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Center Laboratories Inc.	—	3,060	—

The balances due to related parties were unsecured, non-interest bearing and had no fixed repayment term as at December 31, 2017 and 2018.

(d) Leasing arrangements

In February 2016, the Group signed a five-year office rental contract with Center Laboratories, Inc., which has an option for automatic extension upon expiry of the contract. The lease terms and prices were determined in accordance with mutual agreement, and rental payments are made on a monthly basis.

(i) Acquisition of right-of-use assets:

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Center Laboratories, Inc.	1,746	1,205	989

(ii) Lease liabilities:

— Outstanding balance:

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Center Laboratories, Inc.	1,787	1,262	1,043

— Interest expense:

	As at December 31,		As at April 30,
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Center Laboratories, Inc.	100	73	18

(e) Key management compensation

Key management includes directors of the Company. The compensation paid or payable to key management for employee services is shown below:

	Year ended December 31,		Four months ended April 30,	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries, wages and bonuses	2,504	2,899	1,062	2,868
Share-based compensation expenses	322	7,964	2,500	1,704
	2,826	10,863	3,562	4,572

34 SUBSIDIARIES

(a) Particulars of the subsidiaries of the Group as at the date of this report and during the Track Record Period are set out below:

			Effective interests held by the Group					
			At December 31,		At April 30,			
Company name	Country/ place and date of incorporation	Issued and paid up capital or registered capital	2017	2018	2019	As at date of this report	Direct or Indirect	Principle activities
TOT BIOPHARM Co., Ltd (東曜藥業有限公司, "**TOT Suzhou**")	Suzhou, PRC July 5, 2010	USD171,000,000	100%	100%	100%	100%	Direct	Research and development, manufacturing and sales of new drugs
TOT BIOPHARM Company Limited (東源國際醫藥股份有限公司, "**TOT Taipei**")	Taipei, Taiwan March 14, 2016	NTD205,000,000	100%	100%	100%	100%	Direct	Business development
Shengyang Biopharm (Hong Kong) Limited (昇洋醫藥國際有限公司, "**Shengyang Biopharm**")	Hong Kong June 24, 2008	USD5,906,415	100%	100%	100%	100%	Direct	Investing company
Dongyuan Biotech (Shanghai) Co., Ltd. (東源生物醫藥科技(上海)有限公司, "**TOT Shanghai**")	Shanghai, PRC April 14, 2010	USD3,730,000	100%	100%	100%	100%	Indirect	Research and development new drugs
Jiang Su Tung Yang Biopharm Tech Co., Ltd. (江蘇東揚醫藥科技有限公司, "**Dongyang Jiangsu**")	Taizhou, PRC February 11, 2009	USD2,000,000	100%	100%	100%	100%	Indirect	Research and development and sales of new drugs

(b) The statutory auditors of the subsidiaries of the Group during the Track Record Period are set out below:

Company name	Name of statutory auditors	
	2017	**2018**
TOT Suzhou	蘇州萬隆永鼎會計師事務所有限公司	蘇州萬隆永鼎會計師事務所有限公司
TOT Taipei	PricewaterhouseCoopers Taiwan	PricewaterhouseCoopers Taiwan
Shengyang Biopharm	N/A[(a)]	N/A[(a)]
TOT Biopharm	蘇州萬隆永鼎會計師事務所有限公司	蘇州萬隆永鼎會計師事務所有限公司
Dongyang Jiangsu	蘇州萬隆永鼎會計師事務所有限公司	蘇州萬隆永鼎會計師事務所有限公司

Note a: There is no statutory requirement under the applicable law in the place of incorporation of the entity.

The English names of Taiwan and PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies, as no English names have been registered.

35 INVESTMENTS IN SUBSIDIARIES — COMPANY

	As at December 31,		As at April 30,
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Unlisted equity investments, at cost	716,962	1,133,758	1,133,758
Deemed investment arising from share-based compensation expenses	509	26,186	31,126
	717,471	1,159,944	1,164,884

Particulars of the Company's subsidiaries are set out in Note 34.

36 SUBSEQUENT EVENTS

(i) Pursuant to the capitalization issue, as per the resolutions passed by the shareholders on September 30, 2019, subject to the global offering becoming unconditional in all respects, the directors of the Company were authorized to allot and issue a total of 342,557,624 shares without payment and as fully-paid shares to existing shareholders immediately after the conversion of the Convertible Preferred Shares and prior to completion of the global offering.

(ii) In July to August 2019, five participants exercised part of their respective share options at an exercise price of USD1.00 per ordinary share, following which a total of 2,267,500 ordinary shares were issued on September 6, 2019.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company or any of the companies now comprising the Group in respect of any period subsequent to April 30, 2019 and up to the date of this report. No dividend or distribution have been declared, made or paid by the Company or any of the companies now comprising the Group in respect of any period subsequent to April 30, 2019.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules are set out below for the purpose of illustrating the effect of the Global Offering on the net tangible assets of the Group as at April 30, 2019 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the net tangible assets of the Group attributable to the equity holders of the Company as at April 30, 2019 or at any future dates following the completion of the Global Offering. The unaudited pro forma adjusted net tangible assets is based on the audited consolidated net tangible liabilities of the Group attributable to the equity holders of the Company as at April 30, 2019, as shown in Appendix I — "Accountant's Report" to this prospectus, and adjusted as described below.

	Audited consolidated net tangible liabilities of the Group attributable to the equity holders of the Company as at April 30, 2019 (1)	**Estimated impact to the net liabilities upon conversion of the Class A Preferred Shares and Class B Preferred Shares(2)**	**Estimated net proceeds from the Global Offering(3)**	**Unaudited pro forma adjusted net tangible assets of the Group attributable to the equity holders of the Company as at April 30, 2019**	**Unaudited pro forma adjusted net tangible assets per Share**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB(4)*	*HK$(5)*
Based on an Offer Price of HK$6.55 per Share	(269,593)	783,885	484,035	998,327	1.75	1.94
Based on an Offer Price of HK$7.55 per Share	(269,593)	783,885	561,501	1,075,793	1.89	2.10

Notes:

(1) The audited consolidated net tangible liabilities of the Group attributable to the equity holders of the Company as at April 30, 2019 has been extracted from Appendix I — "Accountant's Report" to this prospectus which is based on the audited consolidated net liabilities of the Group attributable to the equity holders of the Company as at April 30, 2019 of RMB267,665,000 with an adjustment for intangible assets as at April 30, 2019 of RMB1,928,000.

(2) All Class A Preferred Shares and Class B Preferred Shares will be automatically converted to Shares upon the Global Offering. The Class A Preferred Shares and Class B Preferred Shares were accounted for as a liability to the Company. Accordingly, for the purpose of the unaudited pro forma adjusted net tangible assets, the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to the equity holders of the Company will be increased by RMB783,885,000, being the carrying amount of the Class A Preferred Shares and Class B Preferred Shares as of April 30, 2019.

(3) The estimated net proceeds from the Global Offering are based on the Offer Price range of HK$6.55 per Share and HK$7.55 per Share, respectively, after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately RMB23,089,000 which have been accounted for in the Group's consolidated statements of comprehensive loss prior to April 30, 2019) payable by the Group and takes no account of any Shares which may be issued upon the exercise of the Over-Allotment Option, any Shares which may be issued under the Pre-IPO Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this prospectus.

(4) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 570,000,000 Shares were in issue assuming that the Capitalization Issue, Global Offering and the conversion of Class A Preferred Shares and Class B Preferred Shares to Shares had been completed on April 30, 2019 but takes no account of any Shares which may be issued upon the exercise of the Over-Allotment Option, any Shares which may be issued under the Pre-IPO Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this prospectus.

(5) For the purpose of this unaudited pro forma adjusted net tangible assets per Share, the amounts stated in Renminbi are converted into Hong Kong dollars at a rate of HK$1.0000 to RMB0.90136. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(6) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to April 30, 2019.

B. REPORT FROM THE REPORTING ACCOUNTANT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of TOT BIOPHARM International Company Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of TOT BIOPHARM International Company Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at April 30, 2019, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated October 29, 2019, in connection with the proposed global offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed global offering on the Group's financial position as at April 30, 2019 as if the proposed global offering had taken place at April 30, 2019. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the period ended April 30, 2019, on which an accountant's report has been published.

DIRECTORS' RESPONSIBILITY FOR THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANT'S RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed global offering at April 30, 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma 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:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, October 29, 2019

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at August 31, 2019 of the selected property interest held by TOT BIOPHARM International Company Limited.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7th Floor, One Taikoo Place
979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

October 29, 2019

The Board of Directors

TOT BIOPHARM International Company Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Dear Sirs,

In accordance with your instructions to value the property interest held by TOT BIOPHARM International Company Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at August 31, 2019 (the "**valuation date**").

The selected property interest forms part of non-property activities that each property has a carrying amount of 15% or more of the Group's total assets and therefore the valuation of this property interest is required to be included in this prospectus.

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Due to the nature of the buildings and structures of the property which are held and occupied by the Group and the particular location in which they are situated, there are unlikely to be relevant market comparable sales readily available, the relevant property interest has been valued by the cost approach with reference to their depreciated replacement costs.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization". It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the improvements, less deduction for physical deterioration and all relevant forms of obsolescence and optimization. In arriving at the value of the land portion, reference has been made to the sales evidence as available in the locality. The depreciated replacement cost of the

property interest is subject to adequate potential profitability of the concerned business. In our valuation, it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation – Global Standards 2017 published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards issued by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including Real Estate Title Certificate and other official plans relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers – King & Wood Mallesons, concerning the validity of the property interest in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the property was carried out in March 2019 by Ms. Joan Zhu and Ms. Maggie Ding. Ms. Joan Zhu is a China Qualified Land valuer and has more than 7 years' experience in the valuation of properties in the PRC. Ms. Maggie Ding has obtained the master degree specialized in Professional Accounting and has 2 years' experience in the valuation of properties in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our summary of value and valuation certificate are attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Senior Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 25 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

VALUATION CERTIFICATE

Property interest held and occupied by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at August 31, 2019
			RMB
A parcel of land, 5 buildings and various structures located at No. 120 Changyang Street Suzhou Industrial Park Suzhou City Jiangsu Province The PRC	The property comprises a parcel of land with a site area of approximately 49,849.04 sq.m. and 5 buildings and various ancillary structures erected thereon which were completed in various stages between 2012 and 2018. The 5 buildings have a total gross floor area of approximately 22,624.41 sq.m. These buildings include 2 industrial buildings, a storage room and ancillary buildings. The structures mainly include sheds, fence and temporary office. The land use rights of the property have been granted for a term with the expiry date on 17 August 2060 for industrial use.	As at the valuation date, the property was occupied by the Group for production and ancillary office purposes.	110,400,000

Notes:

1. Pursuant to a Real Estate Title Certificate – Su (2019) Su Zhou Gong Ye Yuan Qu Bu Dong Chan Quan Di No. 0000003, the land use rights of the property with a site area of approximately 49,849.04 sq.m. have been granted to TOT BIOPHARM Company Limited (東曜藥業股份有限公司, "Tot Biopharm", a direct wholly owned subsidiary of the Company) for a term with the expiry date on 17 August 2060 for industrial use and 5 buildings with a total gross floor area of approximately 22,624.41 sq.m. are owned by Tot Biopharm.

2. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   Tot Biopharm legally owns the land use rights and building ownership rights of the property as mentioned in note 1 and is entitled to legally transfer, lease, mortgage or otherwise dispose of the property.

3. As the property is the major asset held by the Group, we are of the view that the property is a material property. Details of the material property

   a) General description of location of the property : The property is located at No. 120 Changyang Street, Suzhou Industrial Park, Suzhou City, Jiangsu Province, the PRC. Suzhou Industrial Park is an important China-Singapore Cooperative development project. It is also accessible from Suzhou-Jiaxing-Hangzhou Expressway, as well as Shanghai-Nanjing Railway, and Beijing-Shanghai High-Speed Railway.

   b) Details of encumbrances, liens, pledges, mortgages against the property : Nil.

c)	Environmental Issue	:	As advised by the Group, according to several environmental documents, portions of the property have been completed and passed the environmental protection inspection acceptance. The remaining portions of the property are expected to be completed and passed the environmental protection inspection acceptance in October 2019.
d)	Details of investigations, notices, pending litigation, breaches of law or title defects	:	Nil.
e)	Future plans for construction, renovation, improvement or development of the property and estimated associated costs	:	As advised by the Group, an industrial building is scheduled to commence the construction in 2020 and is expected to be completed in 2021. The total investment is estimated to be approximately RMB53,000,000.

This Appendix contains a summary of the Articles of Association. As the information set out below is in summary form, it does not contain all of the information that may be important to potential investors. A copy of the Articles of Association is available for inspection at the address specified in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VI to this prospectus.

The Articles of Association were adopted on September 30, 2019 and became effective on October 28, 2019. The following is a summary of certain provisions of the Articles of Association. The powers conferred or permitted by the Articles of Association are subject to the provisions of the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, other ordinances and subsidiary legislation and the Listing Rules.

CHANGES IN CAPITAL

The Company may from time to time by ordinary resolution alter its share capital in any one or more of the ways set out in section 170 of the Companies Ordinance, including but not limited to:

(i) increasing its share capital by allotting and issuing new shares in accordance with the Companies Ordinance;

(ii) increasing its share capital without allotting and issuing new shares, if the funds or other assets for the increase are provided by the members of the Company;

(iii) capitalizing its profits, with or without allotting and issuing new shares;

(iv) allotting and issuing bonus shares with or without increasing its share capital;

(v) converting all or any of its share into a larger or smaller number of existing shares;

(vi) dividing its shares into several classes and attaching thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions, provided always that where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favorable voting rights, must include the words "restricted voting" or "limited voting";

(vii) cancelling shares:

  (a) that, at the date of the passing of the resolution for cancellation, have not been taken or agreed to be taken by any person; or

  (b) that have been forfeited; and/or

(viii) making provision for the issue and allotment of shares which do not carry any voting rights.

The Company may by special resolution reduce its share capital in any manner allowed by law.

MODIFICATION OF RIGHTS

Subject to the provisions of the Companies Ordinance, all or any of the special rights attached to any class of shares (unless otherwise provided for by the terms of issue of the shares of that class) for the time being in issue may, at any time, as well before as during liquidation, be altered or abrogated either with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class, and all the provisions contained in the Articles of Association relating to general meetings shall *mutatis mutandis* apply to every such meeting, except that the quorum thereof shall be not less than two persons holding or representing by proxy one third of the total voting rights of holders of shares of the class, and that any holder of shares of that class present in person or by proxy may demand a poll.

The foregoing provisions shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the rights whereof are to be varied.

The special rights conferred upon the holders of the shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking *pari passu* with them.

TRANSFER OF SHARES

The right of members to transfer their fully-paid shares shall not be restricted (except where permitted by the Stock Exchange) and shall also be free from all lien.

The instrument of transfer of any shares in the Company shall be in writing and in the usual form or in such other form as the Board may accept and shall be executed by or on behalf of the transferor and by or on behalf of the transferee. The instrument of transfer may be executed by hand only or, if the transferor or transferee is a recognised clearing house within the meaning of the Securities and Futures Ordinance (or its nominee), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register of members of the Company in respect thereof. Nothing in the Articles of Association shall preclude the Board from recognizing a renunciation of the allotment or provisional allotment of any share by the allottee in favor of some other person.

Every instrument of transfer and other documents relating to or affecting the title to any shares of the Company shall be lodged at the registered office of the Company for registration (or at such other place as the Board may appoint for such purpose) accompanied by the certificate relating to the shares to be transferred and such other evidence as the Directors may require in relation thereto.

All instruments of transfer which shall be registered shall be retained by the Company, but save where fraud is suspected, any instrument of transfer which the Directors refuse to register shall, on demand, be returned to the person lodging the same.

There shall be paid to the Company in respect of the registration of a transfer and of any grant of probate or letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any share or for making of any entry in the register of members of the

Company affecting the title to any share such fee (if any) as the Directors may from time to time require or prescribe, provided that such fee (if any) shall not exceed the maximum fees as the Stock Exchange may from time to time prescribe or permit.

GENERAL MEETINGS

The Company shall in respect of each financial year hold a general meeting as its annual general meeting in addition to any other meetings in that year. The annual general meeting shall be held within 6 months after the end of each financial year and at such place(s) as may be determined by the Directors.

The Directors may whenever they think fit, and shall on requisition in accordance with the Companies Ordinance, convene an extraordinary general meeting.

NOTICE OF GENERAL MEETINGS

Subject to section 578 of the Companies Ordinance, an annual general meeting shall be called by not less than notice in writing of at least 21 days (or such longer period as may be required by the Listing Rules), and any other general meeting shall be called by not less than notice in writing of at least 14 days (or such longer period as may be required by the Listing Rules).

Notwithstanding that a meeting of the Company is called by shorter notice than that specified in the Articles of Association or required by the Companies Ordinance, it shall be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat; and

(b) in the case of any other meeting, by a majority in number of the members having the right to attend and vote at the meeting, being a majority together holding not less than 95% of the shares giving that right.

The accidental omission to give notice of a meeting or (in cases where instruments of proxy are sent out with the notice) the accidental omission to send such instrument of proxy to, or the non-receipt of notice of a meeting or such instrument of proxy by, any person entitled to receive such notice shall not invalidate the proceedings at that meeting.

Subject to sections 576 and 578 of the Companies Ordinance, the notice shall specify the place(s), date and time of meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. There shall appear on every such notice with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not be a member of the Company.

VOTING AT MEETINGS

Subject to the provisions of the Companies Ordinance, the Articles of Association and to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, every member who (being an individual) is present in person or (being a corporation) is present by

a representative duly authorized at any general meeting shall be entitled, on a show of hands, to one vote only and, on a poll, to one vote for every fully paid-up share of which he is the holder.

On a poll, votes may be given either personally or by proxy or (in the case of a corporate member) by a duly authorized representative. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of such share.

Where a member is, under the Listing Rules, required to abstain from voting on any resolution or restricted to voting only for or only against any resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

DIRECTORS NEED NOT BE MEMBERS

A Director need not hold any shares in the Company. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at all general meetings of the Company.

BORROWING POWERS

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and to issue debentures, debenture stocks, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

DIRECTORS' APPOINTMENT, REMOVAL AND RETIREMENT

The Company may, from time to time, by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the Board, provided that Mr. Lin, Jung-Chin (林榮錦), his associates (as defined in Rule 14A.12 of the Listing Rules) and relatives (as defined in Rule 14A.21(1)(a) of the Listing Rules) and any person nominated by him shall not be qualified to be a Director or a member of the Company's senior management unless and until he is acquitted of the Charges (as defined in "Relationship with Centerlab — Centerlab and Mr. Lin, Jung-Chin — The Charges and Ongoing Civil Proceedings").

No person (other than a Director retiring in accordance with the Articles of Association) shall be eligible for election to the office of Director at any general meeting under the foregoing provisions unless:

(a) he is recommended by the Board for re-election; or

(b) he is nominated by notice in writing by a member (other than the person to be proposed) entitled to attend and vote at the meeting, and such notice of nomination shall be given to the company secretary(ies) of the Company within the 7-day period (or a longer period as may be determined by the Directors from time to time) commencing no earlier than the day after

the despatch of the notice of such meeting and ending no later than 7 days prior to the date appointed for such meeting. The notice of nomination shall be accompanied by a notice signed by the proposed candidate indicating his willingness to be appointed or re-appointed.

Without prejudice to the power of the Company in general meeting in accordance with any of the provisions of the Articles of Association to appoint any person to be a Director, the Board shall have power, exercisable at any time and from time to time, to appoint any other person as a Director, either to fill a casual vacancy or as an addition to the Board, provided that the number of Directors so appointed shall not exceed the maximum number determined from time to time (if any) by the Shareholders in general meeting. Any Directors so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for reelection, but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at each annual general meeting.

The Company may, at any general meeting convened and held in accordance with the Companies Ordinance, by ordinary resolution remove any Director before the expiration of his period of service notwithstanding anything in the Articles of Association or in any agreement between him and the Company (but without prejudice to any claim he may have for damages for termination of such agreement not in accordance with its terms), and may, if thought fit, by ordinary resolution appoint another person in his stead. Any person so elected shall hold office for such time only as the Director in whose place he is elected would have held the same if he had not been removed.

The office of a Director shall *ipso facto* be vacated:

(a) if he ceases to be a Director by virtue of any provision of the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance) or he becomes prohibited by law or court order from being a Director;

(b) if he becomes bankrupt or a receiving order (or, in the case of a company, a winding-up order) is made against him or he makes any arrangement or composition with his creditors generally;

(c) if he is, or may be, suffering from mental disorder and an order is made by a court claiming jurisdiction in that behalf (whether in Hong Kong or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, *curator bonis* or other person by whatever name called to exercise powers with respect to his property or affairs;

(d) if he is absent from meetings of the Board during a continuous period of 6 months without special leave of absence from the Board, and his alternate Director (if any) shall not during such period have attended such meetings in his stead, and the Board passes a resolution that he has by reason of such absence vacated his office;

(e) if he is removed from office by notice in writing served upon him signed by all other Directors;

(f) if he serves on the Company notice of his wish to resign, in which case he shall vacate office on the service of such notice to the Company or such later time as is specified in such notice;

(g) if he is removed by ordinary resolution in accordance with the Companies Ordinance or in the manner provided in the Articles of Association; or

(h) if he is convicted of an indictable offence.

If the office of a Director is vacated for any reason, he shall cease to be a member of any committee or sub-committee appointed by the Board.

DIRECTORS' REMUNERATION AND EXPENSES

The Directors shall be entitled to receive by way of remuneration for their services such sum as is from time to time determined by the Company in general meeting, such sum (unless otherwise directed by resolution by which it is voted) is to be divided amongst the Directors in such proportions and in such manner as the Board may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The foregoing shall not apply to a Director who holds any salaried employment or office in the Company in the case of sums paid in respect of Directors' fees.

The Directors shall also be entitled to be repaid their reasonable travelling, hotel and other expenses incurred by them in or about the performance of their duties as Directors, including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or on the discharge of their duties as Directors.

The Board may grant special remuneration to any Director who, being called upon, shall perform any special or extra services to or at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration (if any) as a Director, and may, without prejudice to the payment of ordinary remuneration, be made payable by a lump sum or by way of salary, commission, participation in profits or otherwise as the Board may decide.

DIRECTORS' INTERESTS

If a Director or a senior management officer of the Company or any entity connected with such Director or senior management officer is in any way, whether directly or indirectly, interested in a transaction, arrangement or contract or proposed transaction, arrangement or contract with the Company, such Director or senior management officer shall declare the nature and extent of his interest or his connected entities' interest at a meeting of the Directors at which the question of entering into the transaction, arrangement or contract is first taken into consideration, if he knows his interest then exists, or in any other case as soon as reasonably practicable, and in any event at the first meeting of Directors after he knows that he is or has become so interested. Such declaration shall be made in accordance with the Companies Ordinance, the Articles of Association and any other requirements prescribed by the Company for the declaration of interests of Directors in force from time to time. References to an entity connected with a Director or a senior management officer shall be construed in accordance with section 486 of the Companies Ordinance.

A general notice in writing given by a Director to the Directors at a meeting of the Directors to the effect that he is a member or a director of a specified company or firm, and is to be regarded as interested in any contract, transaction, arrangement or dealing which may, after the date of the notice, be entered into or made with that company or firm, shall be deemed to be a sufficient declaration of interest in

relation to any contract, transaction, arrangement or dealing so entered into or made if such declaration is made in accordance with the provisions of the Companies Ordinance.

A Director may:

(a) hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms as the Directors may determine and may be paid such extra remuneration for so doing as the Directors may determine, either in addition to or in lieu of any remuneration provided for by or pursuant to the Articles of Association;

(b) act by himself or his firm in a professional capacity for the Company (other than as auditor), and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; and

(c) continue to be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as a shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a director or officer of, or from his interest in, such other company. The Directors may exercise the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favor of any resolution appointing themselves or any of them directors, managing directors, joint managing directors, deputy managing directors or officers of such company) and any Director may vote in favor of the exercise of such voting rights in the manner aforesaid notwithstanding that he may be, or is about to be appointed a director or officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in manner aforesaid.

Subject to the provisions of the Companies Ordinance, no Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any contract, transaction or arrangement entered into by or on behalf of the Company with any Director or any firm or company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit, remuneration or other benefits realized by any such contract, transaction or arrangement by reason only of such Director holding that office or of any fiduciary relationship thereby established, provided that such Director shall duly declare the nature and extent of his interest in any contract, transaction or arrangement in accordance with the Articles of Association.

A Director shall not vote (or be counted in the quorum) on any resolution of the Board in respect of any contract or transaction or arrangement or proposal in which he or any of his close associates, is to his knowledge, materially interested, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for that resolution), but this prohibition shall not apply to and the Directors may vote (and be counted in the quorum) in respect of any resolution concerning any one or more of the following matters, where references to a contract include references to any proposed contract and to any transaction or arrangement whether or not constituting a contract:

(a) the giving by the Company of any security or indemnity to him or any of his close associates in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(b) the giving by the Company of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself or any of his close associates has assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(c) any proposal concerning an offering of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where he or any of his close associates is or is to be interested as a participant in the underwriting or sub-underwriting of the offer;

(d) any proposal concerning any other company in which he or his close associates are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which he or his close associates are beneficially interested in shares of that company, provided that he and any of his close associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of the share capital of such company (or of any third company through which his interest or that of his close associates is derived) or of the voting rights;

(e) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:

(i) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which he or his close associates may benefit; or

(ii) the adoption, modification or operation of a pension fund or retirement, death or disability benefit scheme which relates both to him, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of him or his close associates any privilege or advantage not generally accorded to the class of persons to whom such scheme or fund relates; and

(f) any contract or arrangement in which he or any of his close associates is interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his interest in shares or debentures or other securities of the Company.

If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the chairman of the meeting and his ruling in relation to the Director concerned shall be final and conclusive except in a case where the nature or extent of the interest of the Director or any of his close associates concerned so far as known to him has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting or any of his close associates, such question shall be decided by a resolution of the Board (for which purpose such chairman shall not be counted in the quorum and shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman so far as known to him has not been fairly disclosed to the Board.

Subject to the provisions of the Companies Ordinance, the Company may by ordinary resolution suspend or relax the foregoing provisions to any extent or ratify any transaction not duly authorized by reason of a contravention of the foregoing provisions.

DIVIDENDS

Subject to the provisions of the Companies Ordinance, the Company may by ordinary resolution declare a dividend to be paid to the members, according to their respective right and interests in the profits, and may fix the time for payment of such dividend, but no such dividend shall exceed the amount recommended by the Directors. No dividend shall be payable except out of the profits or other distributable reserves of the Company.

Unless and to the extent that the Articles of Association or the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid *pro rata* according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid on a share in advance of calls shall be treated as paid on the share.

The Directors may, if they think fit, from time to time, resolve to pay to the members such interim dividends as appear to the Directors to be justified. If at any time the share capital of the Company is divided into different classes the Directors may resolve to pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferred rights as well as in respect of those shares which confer on the holders thereof preferential or special rights in regard to dividend, and provided that the Directors act *bona fide* they shall not incur any responsibility to the holders of shares conferring a preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferred rights. The Directors may also resolve to pay at half-yearly or at other suitable intervals to be settled by them any dividend which may be payable at a fixed rate if they are of the opinion that the payment is justified.

The Board may offer Shareholders the right to choose to receive extra shares, which are credited as fully paid up, in lieu of some or all of their cash dividend. The basis of such allotment shall be determined by the Board and the Board shall give notice in writing to the Shareholders of their rights of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective. The shares allotted shall rank *pari passu* in all respects with the fully paid shares then in issue save only as regards participation in the relevant dividend or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend.

The Directors may distribute in specie or in kind among the members in satisfaction in whole or in part of any dividend any of the assets of the Company, and in particular any shares or securities of other companies to which the Company is entitled, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may issue fractional certificates, disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign

any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend and such appointment shall be effective. Where required, a contract shall be filed in accordance with the provisions of the Companies Ordinance and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend and such appointment shall be effective.

INDEMNITY

Subject to the provisions of the Companies Ordinance, every Director, company secretary or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he may sustain or incur in or about the execution of his office or otherwise in relation thereto.

WINDING UP

If the Company shall be wound up, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively, and if such surplus assets shall be insufficient to repay the whole of the paid-up capital, they shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them respectively. The winding up is subject to the rights of the holders of any shares which may be issued on special terms or conditions.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation

Our Company was incorporated in Hong Kong under the predecessor ordinance of the Companies Ordinance as a private company limited by shares on December 4, 2009 under the name of TOT BIOPHARM International Company Limited (東源國際醫藥股份有限公司) with the initial authorized share capital of US$1.00 divided into 1 Share (then having a par value of US$1.00). Our registered office is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. Our Company changed our company status to a public company limited by shares on October 28, 2019 following the approval and adoption of the Articles of Association (which took effect from October 28, 2019) by our Shareholders by way of resolutions in writing passed on September 30, 2019.

As our Company was incorporated in Hong Kong, our operations are subject to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association. A summary of certain provisions of the Articles of Association is set out in Appendix IV to this prospectus.

2. Changes in share capital of our Company

(a) Changes in then authorized and issued share capital

As of the date of our incorporation, the authorized share capital of our Company was US$1.00 divided into 1 Share (then having a par value of US$1.00). The following sets out the changes in our Company's issued share capital since the date of its incorporation:

(i) On December 4, 2009, our Company issued and allotted one Share to the initial subscriber, TTY Biopharm at US$1.00 per Share.

(ii) On January 11, 2011, our Company allotted and issued 12,399,999 new Shares at a price of US$1.00 per Share. The details of the subscribers are as follows:

Name of Shareholder	No. of Issued Shares	Purchase Amount
		(US$)
TTY Biopharm	3,699,999	3,699,999
Xudong Haipu	1,300,000	1,300,000
Centerlab	2,700,000	2,700,000
BioEngine Venture Capital Inc.	2,300,000	2,300,000
Vaxcel	320,000	320,000
Vaxgen	640,000	640,000
Prime Success	1,200,000	1,200,000
Yuanta Venture Capital	240,000	240,000
Total	**12,399,999**	**12,399,999**

(iii) On June 1, 2011, our Company allotted and issued 12,400,000 new Shares at a price of US$1.00 per Share. The details of the subscribers are as follows:

Name of Shareholder	No. of Issued Shares	Purchase Amount
		(US$)
TTY Biopharm	5,000,000	5,000,000
Xudong Haipu	0	0
Centerlab	2,700,000	2,700,000
BioEngine Venture Capital Inc.	2,300,000	2,300,000
Vaxcel	320,000	320,000
Vaxgen	640,000	640,000
Prime Success	1,200,000	1,200,000
Yuanta Venture Capital	240,000	240,000
Total	**12,400,000**	**12,400,000**

(iv) On October 3, 2011, our Company allotted and issued 8,200,000 new Shares at a price of US$1.00 per Share. The details of the subscribers are as follows:

Name of Shareholder	No. of Issued Shares	Purchase Amount
		(US$)
TTY Biopharm	2,800,000	2,800,000
Xudong Haipu	700,000	700,000
Centerlab	1,900,000	1,900,000
BioEngine Venture Capital Inc.	1,600,000	1,600,000
Vaxcel	160,000	160,000
Vaxgen	320,000	320,000
Prime Success	600,000	600,000
Yuanta Venture Capital	120,000	120,000
Total	**8,200,000**	**8,200,000**

(v) On December 6, 2012, our Company allotted and issued 16,500,000 new Shares at a price of US$1.00 per Share. The details of the subscribers are as follows:

Name of Shareholder	No. of Issued Shares	Purchase Amount
		(US$)
TTY Biopharm	5,750,000	5,750,000
Xudong Haipu	1,000,000	1,000,000
Centerlab	3,650,000	3,650,000
BioEngine Venture Capital Inc.	3,100,000	3,100,000
Vaxcel	400,000	400,000
Vaxgen	800,000	800,000
Prime Success	1,500,000	1,500,000
Yuanta Venture Capital	300,000	300,000
Total	**16,500,000**	**16,500,000**

(vi) On September 30, 2013, our Company allotted and issued 3,000,000 new Shares at a price of US$1.00 per Share. The details of the subscribers are as follows:

Name of Shareholder	No. of Issued Shares	Purchase Amount
		(US$)
TTY Biopharm	0	0
Xudong Haipu	1,227,300	1,227,300
Centerlab	663,600	663,600
BioEngine Venture Capital Inc.	563,700	563,700
Vaxcel	72,600	72,600
Vaxgen	145,500	145,500
Prime Success	272,700	272,700
Yuanta Venture Capital	54,600	54,600
Total	**3,000,000**	**3,000,000**

(vii) On February 19, 2014, our Company allotted and issued 6,000,000 new Shares at a price of US$1.00 per Share. The details of the subscribers are as follows:

Name of Shareholder	No. of Issued Shares	Purchase Amount
		(US$)
TTY Biopharm	0	0
Xudong Haipu	2,454,600	2,454,600
Centerlab	1,327,200	1,327,200
BioEngine Venture Capital Inc.	1,127,400	1,127,400
Vaxcel	145,200	145,200
Vaxgen	291,000	291,000
Prime Success	545,400	545,400
Yuanta Venture Capital	109,200	109,200
Total	**6,000,000**	**6,000,000**

(viii) On November 5, 2015, our Company allotted and issued 7,500,000 new Shares at a price of US$1.00 per Share. The details of the subscribers are as follows:

Name of Shareholder	No. of Issued Shares	Purchase Amount
		(US$)
Xudong Haipu	0	0
Centerlab	6,136,200	6,136,200
BioEngine	0	0
Vaxcel	182,200	182,200
Vaxgen	363,500	363,500
Prime Success	681,900	681,900
Yuanta Venture Capital	136,200	136,200
Total	**7,500,000**	**7,500,000**

(ix) In December 2015, TTY Biopharm through Xudong Haipu sold all of their shareholding in our Company, being 23,931,900 Shares, representing 36.3% of the issued share capital at the time to the then existing shareholders and Formosa Lab, Vivo Capital Fund VIII, L.P., Vivo Capital Surplus Fund VIII, L.P., and Miramonte. See "History and Development — Major Changes to Our Company's Issued Share Capital Since Its Establishment — TTY Biopharm's Divestment in December 2015 and Further Equity Financing in 2016". Following completion of such divestment, the shareholding structure of our Company was as follows:

Name of Shareholder	No. of Shares Held
Centerlab	32,270,100
BioEngine	1,398,000
Vaxcel	1,600,000
Vaxgen	3,200,000
Prime Success	9,413,308
Yuanta Venture Capital	1,200,000
Formosa Lab	2,000,000
Vivo Capital Fund VIII, L.P.	12,229,803
Vivo Capital Surplus Fund VIII, L.P.	1,688,789
Miramonte	1,000,000
Total	**66,000,000**

(x) On March 31, 2016, our Company allotted and issued 9,000,000 new Shares at a price of US$1.00 per Share. The details of the subscribers are as follows:

Name of Shareholder	No. of Issued Shares	Purchase Amount
		(US$)
Centerlab	4,400,500	4,400,500
BioEngine	0	0
Vaxcel	0	0
Vaxgen	436,500	436,500
Prime Success	1,283,500	1,283,500
Yuanta Venture Capital	381,500	381,500
Formosa Lab	273,000	273,000
Vivo Capital Fund VIII, L.P.	1,955,033	1,955,033
Vivo Capital Surplus Fund VIII, L.P.	269,967	269,967
Miramonte	0	0
Total	**9,000,000**	**9,000,000**

(xi) On June 15, 2016, our Company allotted and issued 9,000,000 new Shares at a price of US$1.00 per Share. The details of the subscribers are as follows:

Name of Shareholder	No. of Issued Shares	Purchase Amount
		(US$)
Centerlab	1,032,692	1,032,692
BioEngine	0	0
Vaxcel	0	0
Vaxgen	436,500	436,500
Prime Success	1,283,500	1,283,500
Yuanta Venture Capital	618,500	618,500
Formosa Lab	272,400	272,400
Vivo Capital Fund VIII, L.P.	3,388,497	3,388,497
Vivo Capital Surplus Fund VIII, L.P.	467,911	467,911
Miramonte	0	0
Cathay Venture	1,500,000	1,500,000
Total	**9,000,000**	**9,000,000**

(xii) On January 18, 2018, Vaxcel Investment Inc. transferred its 1,600,000 Shares to Vaxon Investment Inc. Following completion of such transfer, the shareholding structure of our Company was as follows:

Name of Shareholder	No. of Shares Held
Centerlab	37,703,292
BioEngine	1,398,000
Vaxon	1,600,000
Vaxgen	4,073,000
Prime Success	11,980,308
Yuanta Venture Capital	2,200,000
Formosa Lab	2,545,400
Vivo Capital Fund VIII, L.P.	17,573,333
Vivo Capital Surplus Fund VIII, L.P.	2,426,667
Miramonte	1,000,000
Cathay Venture	1,500,000
Total	**84,000,000**

(xiii) On September 26, 2018, our Company allotted and issued 25,417,983 Class A Preferred Shares and 25,756,893 Class B Preferred Shares. Following completion of such allotment and issuance, the shareholding structure of our Company was as follows:

Name of Shareholder	Ordinary Shares	Class A Preferred Shares	Class B Preferred Shares
Centerlab	37,703,292	11,999,147	—
BioEngine	1,398,000	—	—
Vivo Capital Fund VIII, L.P.	17,573,333	5,392,473	—
Vivo Capital Surplus Fund VIII, L.P.	2,426,667	744,636	—
Prime Success	11,980,308	3,766,969	451,875
Advantech Capital V	—	513,484	13,556,259
Vaxon	1,600,000	1,581,563	—
Vaxgen	4,073,000	—	—
Yuanta Venture Capital	2,200,000	941,273	903,752
Yuanta Securities HK	—	—	1,355,625
Prosperity SPV1 L.P.	—	—	2,259,377
Formosa Lab	2,545,400	—	—
Miramonte	1,000,000	—	—
Cathay Venture	1,500,000	478,438	—
Fu Chuang Limited (富創有限公司)	—	—	3,615,002
Liu, Yifeng (劉翌峰)	—	—	2,711,252
CDIB	—	—	903,751
Total	**84,000,000**	**25,417,983**	**25,756,893**

(xiv) On September 6, 2019, our Company allotted and issued 2,267,500 Ordinary Shares to five Pre-IPO Share Option Scheme participants. Following completion of such allotment and issuance, the shareholding structure of our Company was as follows:

Name of Shareholder	Ordinary Shares	Class A Preferred Shares	Class B Preferred Shares
Centerlab	37,703,292	11,999,147	—
BioEngine	1,398,000	—	—
Vivo Capital Fund VIII, L.P.	17,573,333	5,392,473	—
Vivo Capital Surplus Fund VIII, L.P.	2,426,667	744,636	—
Prime Success	11,980,308	3,766,969	451,875
Advantech Capital V	—	513,484	13,556,259
Vaxon	1,600,000	1,581,563	—
Vaxgen	4,073,000	—	—
Yuanta Venture Capital	2,200,000	941,273	903,752
Yuanta Securities HK	—	—	1,355,625
Prosperity SPV1 L.P.	—	—	2,259,377
Formosa Lab	2,545,400	—	—
Miramonte	1,000,000	—	—
Cathay Venture	1,500,000	478,438	—
Fu Chuang Limited (富創有限公司)	—	—	3,615,002
Liu, Yifeng (劉翌峰)	—	—	2,711,252
CDIB	—	—	903,751
Pre-IPO Share Option Scheme participants	2,267,500	—	—
Total	**86,267,500**	**25,417,983**	**25,756,893**

Save as disclosed above, there has been no alteration in our share capital since our incorporation.

(b) Information as of the Latest Practicable Date and immediately after the Global Offering

The following is a description of the share capital of our Company in issue and to be issued as fully paid immediately prior to and following the completion of the Global Offering:

Issued and to be issued and fully paid

Shares in issue as at the Latest Practicable Date	137,442,376
Shares to be issued pursuant to the Capitalization Issue	342,557,624
Shares to be issued pursuant to the Global Offering	90,000,000
Total	570,000,000

Assumptions

The above table assumes that the Global Offering becomes unconditional and Shares are issued pursuant to the Global Offering. It takes no account of any Shares which may be issued upon the exercise of the Over-Allotment Option or of any Shares which may be issued or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

Immediately following completion of the Global Offering and upon the exercise of the Over-Allotment Option in full, it is expected that the share capital of our Company will be comprised of 583,500,000 Shares.

(c) Founder shares

Our Company has no founder shares, management shares or deferred shares. Other than pursuant to the exercise of the Over-Allotment Option, there is no present intention to issue any shares of our Company and, without the prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed above, there has been no alteration in the share capital of our Company since our incorporation.

3. Resolutions of the Shareholders passed on April 24, 2019 and September 30, 2019

On April 24, 2019 and September 30, 2019, resolutions of our Company were passed by the then Shareholders pursuant to which, among other things:

(a) our Company approved and adopted the Articles of Association with effect from the date of the registration of this prospectus with the Registrar of Companies in Hong Kong; and

(b) conditional upon the satisfaction (or, if applicable, waiver) of the conditions set out in "Structure of the Global Offering — Conditions of the Global Offering" and pursuant to the terms set out therein:

(i) the Listing and the Global Offering and the grant of Over-Allotment Option were approved and the Directors were authorized to allot and issue the Offer Shares pursuant to the Global Offering and such number of Shares as maybe required to be allotted and issued upon the exercise of the Over-Allotment Option;

(ii) subject to the "lock-up" provisions under Rule 10.08 of the Listing Rules, a general unconditional mandate was granted to the Directors to allot, issue and deal with the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for the Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate nominal value of the Shares allotted or agreed to be allotted by the Directors other than pursuant to a (1) rights issue, (2) any scrip dividend scheme of similar arrangement providing for the allotment of the Shares in lieu of the whole or part of a dividend on the Shares or (3) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of:

(A) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering; and

(B) the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in paragraph (iii) below,

such mandate to remain in effect during the period from the passing of the resolution until the earliest of (I) the conclusion of the next annual general meeting of our Company, (II) the end of the period within which our Company is required by the Articles or any applicable laws to hold its next annual general meeting or (III) the date on which the resolution is varied or revoked by an ordinary resolution of the Shareholders in general meeting (the "**Relevant Period**");

(iii) a general unconditional mandate was granted to the Directors to exercise all the powers of our Company to repurchase the Shares on the Hong Kong Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is Recognised by the SFC and the Hong Kong Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules, with an aggregate nominal value of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of the Global Offering, such mandate to remain in effect during the Relevant Period;

(iv) the Directors be authorized to issue up to 342,557,624 Shares pursuant to the Capitalization Issue; and

(v) the Directors be authorized to issue up to 16,969,000 Shares in respect of the Pre-IPO Share Option Scheme, which shall be issued when the outstanding Pre-IPO Share Options are exercised.

4. Changes in share capital of subsidiaries

The subsidiaries of our Company are listed in the Accountant's Report set out in Appendix I to this prospectus.

Except as disclosed in "History and Development" in this prospectus, there are no changes in the share capital of each of our Company's subsidiaries within the two years immediately preceding the date of this prospectus.

5. Repurchases by our Company of its own Securities

This section sets out information required by the Hong Kong Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Hong Kong Stock Exchange to repurchase their own securities on the Hong Kong Stock Exchange subject to certain restrictions, the more important of which are summarized below:

Shareholders' Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Hong Kong Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Source of Funds

Repurchases of securities by a listed company must be funded out of funds legally available for the purpose in accordance with the listed company's constitutive documents, the Listing Rules and the applicable laws and regulations of the listed company's jurisdiction of incorporation. A listed company may not repurchase its own securities on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange.

Trading Restrictions

The total number of shares which a listed company may repurchase on the Hong Kong Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A listed company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the listed company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Hong Kong Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Hong Kong Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Hong Kong Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if that repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Hong Kong Stock Exchange. A listed company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Hong Kong Stock Exchange such information with respect to the repurchase as the Hong Kong Stock Exchange may require.

Status of Repurchased Shares

All repurchased securities (whether effected on the Hong Kong Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

Suspension of Repurchase

A listed company may not make any repurchase of securities after inside information has come to its knowledge until such time as the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (1) the date of the board meeting (as such date is first notified to the Hong Kong Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules) and (2) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarter or any other interim period (whether or

not required under the Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its shares on the Hong Kong Stock Exchange other than in exceptional circumstances. In addition, the Hong Kong Stock Exchange may prohibit a repurchase of securities on the Hong Kong Stock Exchange if a listed company has breached the Listing Rules.

Reporting Requirements

Certain information relating to repurchases of securities on the Hong Kong Stock Exchange or otherwise must be reported to the Hong Kong Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

Core Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Hong Kong Stock Exchange from a core connected person, that is, a director, chief executive or substantial shareholder of the listed company or any of its subsidiaries or their close associates and a core connected person is prohibited from knowingly selling his securities to the listed company.

(b) Reasons for Repurchases

The Directors believe that the ability to repurchase Shares is in the interests of our Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. The Directors have sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

(c) Funding of Repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws and regulations of Hong Kong.

There could be a material adverse impact on the working capital or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the repurchase mandate were to be carried out in full at any time during the share repurchase period. However, the Directors do not propose to exercise the repurchase mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for our Company.

(d) General

The exercise in full of the repurchase mandate, on the basis of 570,000,000 Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering, could accordingly result in up to approximately 57,000,000 Shares being repurchased by our Company during the period prior to the earliest occurrence of the following:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the end of the period within which our Company is required by the Articles of Association or any applicable law to hold its next annual general meeting; or

(iii) the variation or revocation of the repurchase mandate by an ordinary resolution of the Shareholders in general meeting.

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates currently intends to sell any Shares to our Company or its subsidiaries.

The Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws in Hong Kong.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Hong Kong Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No core connected person of our Company has notified our Company that he/she or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the repurchase mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in our ordinary course of business) within the two years preceding the date of this prospectus, which are or may be material:

(a) the Shareholders' Agreement;

(b) the subscription agreement dated July 6, 2018 and supplemented in September 2018 entered into between, among others, the Company and Centerlab in respect of the issuance and subscription of the Class B Preferred Shares;

(c) the cornerstone investment agreement dated October 25, 2019 entered into between, among others, the Company and Centerlab, a summary of which is set out in "Cornerstone Investors";

(d) the cornerstone investment agreement dated October 25, 2019 entered into between, among others, the Company and Vivo Capital, a summary of which is set out in "Cornerstone Investors";

(e) the cornerstone investment agreement dated October 25, 2019 entered into between, among others, the Company and Nien Hsing BVI, a summary of which is set out in "Cornerstone Investors"; and

(f) the Hong Kong Underwriting Agreement.

2. Key Intellectual Property Rights of Our Group

(a) Trademarks

As of the Latest Practicable Date, our Group was the registered owner and beneficial owner of the following trademarks which is material in relation to our Group's business:

No.	Trademark	Registration No.	Validity Period	Class	Place of Registration	Registered Owner
1	东曜药业	23091896	June 7, 2018 to June 6, 2028	35	PRC	TOT Suzhou
2		23086120	March 7, 2018 to March 6, 2028	5	PRC	TOT Suzhou
3	东曜药业	23086107	March 14, 2018 to March 13, 2028	5	PRC	TOT Suzhou

No.	Trademark	Registration No.	Validity Period	Class	Place of Registration	Registered Owner
4	T-BIO	16501120	April 28, 2016 to April 27, 2026	35	PRC	TOT Suzhou
5	T-BIOPHARM	16500495	April 28, 2016 to April 27, 2026	35	PRC	TOT Suzhou
6	东曜	13676455	February 14, 2015 to February 13, 2025	35	PRC	TOT Suzhou
7	TOT	13676454	February 14, 2015 to February 13, 2025	35	PRC	TOT Suzhou
8	TOT BIOPHARM	12098772	July 14, 2014 to July 13, 2024	35	PRC	TOT Suzhou
9		12098771	July 28, 2014 to July 27, 2024	35	PRC	TOT Suzhou
10	东曜	12098770	July 21, 2014 to July 20, 2024	35	PRC	TOT Suzhou
11	东曜	11035269	October 14, 2013 to October 13, 2023	5	PRC	TOT Suzhou
12		8024542	March 28, 2011 to March 27, 2021	5	PRC	TOT Suzhou
13	TOT BIOPHARM	8016524	April 7, 2011 to April 6, 2021	5	PRC	TOT Suzhou
14	TOT	3448645	October 21, 2014 to October 20, 2024	5	PRC	TOT Suzhou
15	TOT BIOPHARM	34881939	August 7, 2019 to August 6, 2029	44	PRC	TOT Suzhou
16		34862361	August 7, 2019 to August 6, 2029	44	PRC	TOT Suzhou
17	东曜药业	34887271	August 7, 2019 to August 6, 2029	44	PRC	TOT Suzhou

No.	Trademark	Registration No.	Validity Period	Class	Place of Registration	Registered Owner
18	曜豪普	35553428	August 28, 2019 to August 27, 2029	5	PRC	TOT Suzhou
19	Mazelon	35527419	August 28, 2019 to August 27, 2029	5	PRC	TOT Suzhou
20	曜安汀	35547447	September 7, 2019 to September 6, 2029	5	PRC	TOT Suzhou
21	安莫柏	35544781	September 7, 2019 to September 6, 2029	5	PRC	TOT Suzhou
22	Tazian	35540642	September 7, 2019 to September 6, 2029	5	PRC	TOT Suzhou
23	東曜藥業	01872297	October 1, 2017 to September 30, 2027	35	Taiwan	TOT Taipei
24	ORISTAR	01873819	October 16, 2017 to October 15, 2027	5	Taiwan	TOT Taipei
25	MERTIS	01873820	October 16, 2017 to October 15, 2027	5	Taiwan	TOT Taipei
26	ZORTUS	01873821	October 16, 2017 to October 15, 2027	5	Taiwan	TOT Taipei
27	ORISTAR	01875318	October 16, 2017 to October 15, 2027	35	Taiwan	TOT Taipei
28	MERTIS	01875319	October 16, 2017 to October 15, 2027	35	Taiwan	TOT Taipei
29	ZORTUS	01875320	October 16, 2017 to October 15, 2027	35	Taiwan	TOT Taipei
30	曜膳寶	01885947	December 16, 2017 to December 15, 2027	5	Taiwan	TOT Taipei

No.	Trademark	Registration No.	Validity Period	Class	Place of Registration	Registered Owner
31	曜諾安	01885967	December 16, 2017 to December 15, 2027	5	Taiwan	TOT Taipei
32	麥格膳	01885978	December 16, 2017 to December 15, 2027	5	Taiwan	TOT Taipei
33	Megadrink	01885979	December 16, 2017 to December 15, 2027	5	Taiwan	TOT Taipei
34	曜膳寶	01886936	December 16, 2017 to December 15, 2027	29	Taiwan	TOT Taipei
35	曜諾安	01886952	December 16, 2017 to December 15, 2027	29	Taiwan	TOT Taipei
36	麥格膳	01886961	December 16, 2017 to December 15, 2027	29	Taiwan	TOT Taipei
37	曜膳優	01894492	February 1, 2018 to January 31, 2028	5	Taiwan	TOT Taipei
38	全優膳	01894493	February 1, 2018 to January 31, 2028	5	Taiwan	TOT Taipei
39	Ayunutri	01894549	February 1, 2018 to January 31, 2028	5	Taiwan	TOT Taipei
40	曜膳優	01895505	February 1, 2018 to January 31, 2028	29	Taiwan	TOT Taipei
41	全優膳	01895506	February 1, 2018 to January 31, 2028	29	Taiwan	TOT Taipei
42	Ayunutri	01895528	February 1, 2018 to January 31, 2028	29	Taiwan	TOT Taipei

No.	Trademark	Registration No.	Validity Period	Class	Place of Registration	Registered Owner
43	曜安康全人科學	01912759	May 1, 2018 to April 30, 2028	41	Taiwan	TOT Taipei
44	曜安康全人科學	01912442	May 1, 2018 to April 30, 2028	35	Taiwan	TOT Taipei
45	曜膳寶	01887492	December 16, 2017 to December 15, 2027	35	Taiwan	TOT Taipei
46	曜諾安	01887539	December 16, 2017 to December 15, 2027	35	Taiwan	TOT Taipei
47	麥格膳	01887582	December 16, 2017 to December 15, 2027	35	Taiwan	TOT Taipei
48	Megadrink	01887583	December 16, 2017 to December 15, 2027	35	Taiwan	TOT Taipei
49	Megadrink	01890022	January 1, 2018 to December 31, 2027	29	Taiwan	TOT Taipei
50	曜安康全人科學	01896708	February 1, 2018 to January 31, 2028	44	Taiwan	TOT Taipei
51	曜安康全人科學	01897444	February 16, 2018 to February 15, 2028	5	Taiwan	TOT Taipei
52	曜膳優	01899281	February 16, 2018 to February 15, 2028	35	Taiwan	TOT Taipei
53	全優膳	01899282	February 16, 2018 to February 15, 2028	35	Taiwan	TOT Taipei
54	Ayunutri	01899415	February 16, 2018 to February 15, 2028	35	Taiwan	TOT Taipei
55	曜安康全人科學	01898622	February 16, 2018 to February 15, 2028	29	Taiwan	TOT Taipei

No.	Trademark	Registration No.	Validity Period	Class	Place of Registration	Registered Owner
56		01921182	June 16, 2018 to June 15, 2028	35	Taiwan	TOT Taipei
57		01921183	June 16, 2018 to June 15, 2028	35	Taiwan	TOT Taipei
58		01921184	June 16, 2018 to June 15, 2028	35	Taiwan	TOT Taipei
59		01913625	May 16, 2018 to May 15, 2028	5	Taiwan	TOT Taipei
60		01913701	May 16, 2018 to May 15, 2028	5	Taiwan	TOT Taipei
61		01913702	May 16, 2018 to May 15, 2028	5	Taiwan	TOT Taipei
62		01913703	May 16, 2018 to May 15, 2028	5	Taiwan	TOT Taipei
63		01917884	June 1, 2018 to May 31, 2028	35	Taiwan	TOT Taipei
64	曜安康	01928023	July 16, 2018 to July 15, 2028	44	Taiwan	TOT Taipei
65	曜安康	01925903	July 16, 2018 to July 15, 2028	5	Taiwan	TOT Taipei
66	曜安康	01927467	July 16, 2018 to July 15, 2028	35	Taiwan	TOT Taipei
67	曜安康	01927761	July 16, 2018 to July 15, 2028	41	Taiwan	TOT Taipei

No.	Trademark	Registration No.	Validity Period	Class	Place of Registration	Registered Owner
68	曜安康	01926948	July 16, 2018 to July 15, 2028	29	Taiwan	TOT Taipei

As of the Latest Practicable Date, we have applied for registration of the following trademarks in PRC:

No.	Trademark	Applicant	Application No.	Application Date	Class	Place of Application
1	东曜	TOT Suzhou	34876442	November 23, 2018	44	PRC
2	Anmonbo	TOT Suzhou	35536779	December 25, 2018	5	PRC
3	Pusintin	TOT Suzhou	35536785	December 25, 2018	5	PRC
4	Sivastine	TOT Suzhou	35537568	December 25, 2018	5	PRC
5	曜贝达	TOT Suzhou	35544793	December 25, 2018	5	PRC
6	迈朗	TOT Suzhou	35545172	December 25, 2018	5	PRC
7	替至安	TOT Suzhou	35545871	December 25, 2018	5	PRC
8	朴欣汀	TOT Suzhou	35551909	December 25, 2018	5	PRC
9		TOT Suzhou	37996144	May 6, 2019	5	PRC
10		TOT Suzhou	37997907	May 6, 2019	35	PRC

No.	Trademark	Applicant	Application No.	Application Date	Class	Place of Application
11		TOT Suzhou	37980109	May 6, 2019	44	PRC
12		TOT Suzhou	37997890	May 6, 2019	5	PRC
13		TOT Suzhou	37974862	May 6, 2019	35	PRC
14		TOT Suzhou	38000664	May 6, 2019	44	PRC
15		TOT Suzhou	38321873	May 21, 2019	5	PRC
16		TOT Suzhou	38325210	May 21, 2019	35	PRC
17		TOT Suzhou	38337197	May 21, 2019	44	PRC
18		TOT Suzhou	38325166	May 21, 2019	5	PRC
19		TOT Suzhou	38327284	May 21, 2019	35	PRC
20		TOT Suzhou	38339877	May 21, 2019	44	PRC
21	曜乐维	TOT Suzhou	37153934	March 28, 2019	5	PRC
22	曜斯汀	TOT Suzhou	37148995	March 28, 2019	5	PRC
23	Totstin	TOT Suzhou	37158058	March 28, 2019	5	PRC

As of the Latest Practicable Date, we have applied for registration of the following trademarks in Hong Kong:

No.	Trademark	Applicant	Registration No.	Class	Application Date	Place of Registration
1	東曜藥業	TOT Taipei	304706622	5 35	October 19, 2018	Hong Kong
			304731381	44	November 12, 2018	Hong Kong
2	东曜药业	TOT Taipei	304706631	5 35	October 19, 2018	Hong Kong
			304731390	44	November 12, 2018	Hong Kong
3		TOT Taipei	304731408	5 35 44	November 12, 2018 November 12, 2018 November 12, 2018	Hong Kong
4	曜安康	TOT Suzhou	304812958	5 29 35 41 44	January 24, 2019 January 24, 2019 January 24, 2019 January 24, 2019 January 24, 2019	Hong Kong
5	Mertis	TOT Suzhou	304812822	5	January 22, 2019	Hong Kong
6	Zortus	TOT Suzhou	304809493	5	January 24, 2019	Hong Kong
7		TOT Suzhou	305000174	5	July 22, 2019	Hong Kong
8		TOT Suzhou	305000174	35	July 22, 2019	Hong Kong
9		TOT Suzhou	305000174	44	July 22, 2019	Hong Kong
10		TOT Suzhou	305000183	35	July 22, 2019	Hong Kong

No.	Trademark	Applicant	Registration No.	Class	Application Date	Place of Registration
11		TOT Suzhou	305000183	44	July 22, 2019	Hong Kong
12		TOT Suzhou	304932946	5	May 21, 2019	Hong Kong
13		TOT Suzhou	304932946	35	May 21, 2019	Hong Kong
14		TOT Suzhou	304932946	44	May 21, 2019	Hong Kong
15		TOT Suzhou	304932955	5	May 21, 2019	Hong Kong
16		TOT Suzhou	304932955	35	May 21, 2019	Hong Kong
17		TOT Suzhou	304932955	44	May 21, 2019	Hong Kong

As of the Latest Practicable Date, we have applied for registration of the following trademarks in Taiwan:

No.	Trademark	Applicant	Registration No.	Class	Application Date	Place of Registration
1		TOT Taipei	108029659	5	May 13, 2019	Taiwan
2		TOT Taipei	108029662	35	May 13, 2019	Taiwan
3		TOT Taipei	108029665	44	May 13, 2019	Taiwan

No.	Trademark	Applicant	Registration No.	Class	Application Date	Place of Registration
4		TOT Taipei	108031347	5	May 20, 2019	Taiwan
5		TOT Taipei	108031351	35	May 20, 2019	Taiwan
6		TOT Taipei	108031353	44	May 20, 2019	Taiwan

(b) Patents

As of the Latest Practicable Date, we had registered the following patents in China that we consider to be or may be material to our business:

No.	Holder	Name of the Patent	Type	Application No.	Application Date	Expiration Date	Date of Authorization Proclamation	Country/ Region
1	TOT Suzhou	Human embryo lung transformed cell line for biological product production (用於生物製品生產的人胚肺轉化細胞系)	Patent for invention	200610030675.6	August 31, 2006	August 31, 2026	January 4, 2012	China
2	TOT Suzhou	Biomarker combination and its application (生物標記組合及其應用)	Patent for invention	200810215319.0	September 5, 2008	September 5, 2028	August 8, 2012	China
3	TOT Suzhou	Injection containing docetaxel compound and preparation method thereof (含多烯紫杉醇化合物的注射劑及其配製方法)	Patent for invention	200780101762.9	December 19, 2007	December 19, 2027	July 9, 2014	China

No.	Holder	Name of the Patent	Type	Application No.	Application Date	Expiration Date	Date of Authorization Proclamation	Country/ Region
4	TOT Suzhou	Recombinant tumor vaccine and production method thereof (一種重組腫瘤疫苗及其生產方法)	Patent for invention	201180031875.2	June 30, 2011	June 30, 2031	June 10, 2015	China
5	TOT Suzhou	Laboratory oral solid preparation bottling device (實驗室用口服固體製劑裝瓶裝置)	Utility model	201720913149.8	July 26, 2017	July 26, 2027	March 30, 2018	China
6	TOT Suzhou	Detection method and application of biological activity of vascular endothelial growth factor (一種血管內皮生長因子生物學活性的檢測方法及應用)	Patent for invention	201710632748.7	July 28,2017	July 28, 2037	April 16, 2019	China

As of the Latest Practicable Date, we had registered the following patents under PCT:

No.	Holder	Name of the Patent	Type	Patent Number	Country/ Region	Geographic Coverage	Expiration Date
1	TOT Shanghai	Recombinant tumor vaccine and method of producing such vaccine	PCT	PCT/CN2011/076668	WIPO	Brazil, Canada, India, Japan, China	
			Invention	6193120	Japan	Japan	June 30, 2031
2	TOT Shanghai	Mutant vaccinia virus strains, uses thereof and method of producing the same	PCT	PCT/CN2013/074028	WIPO	China, Hong Kong, China, Macau, Brazil, Europe, India, United States, Japan, Canada	
			Invention	201380075069.4	China	China	April 10, 2033
			Macau extension	J/003528	Macau	Macau	April 10, 2033

No.	Holder	Name of the Patent	Type	Patent Number	Country/ Region	Geographic Coverage	Expiration Date
			Invention	9765305	United States	United States	June 12, 2033
			Invention	6235697	Japan	Japan	April 10, 2033
			Invention	2909225	Canada	Canada	April 10, 2033

As of October 23, 2019, we have applied for registration of the following patents in China:

No.	Holder	Name of the Patent	Type	Application No.	Application Date	Country/ Region
1	TOT Suzhou	Stable solid pharmaceutical composition containing water-soluble vinorelbine and preparation method thereof (包含水溶性長春瑞濱的穩定的固體藥物組合物及其製備方法)	Patent for invention	201410323909.0	July 8, 2014	China
2	TOT Suzhou	Temozolomide pharmaceutical composition and preparation method and application thereof (一種替莫唑胺藥物組合物及其製備方法和應用)	Patent for invention	201710633102.0	July 28, 2017	China
3	TOT Suzhou	Medicine composition for treating tumor and preparation method and application thereof (一種治療腫瘤的藥物組合物及其製備方法和應用)	Patent for invention	201710623181.7	July 27, 2017	China
4	TOT Suzhou	Laboratory oral solid preparation bottling device (實驗室用口服固體製劑裝瓶裝置)	Patent for invention	201710617256.0	July 26, 2017	China
5	TOT Suzhou	ELISA detection method for FcRn receptor (一種FcRn受體的ELISA檢測方法)	Patent for invention	201710616108.7	July 26, 2017	China
6	TOT Suzhou	ELISA detection method for FcγRI receptor (一種FcγRI受體的ELISA檢測方法)	Patent for invention	201710616069.0	July 26, 2017	China
7	TOT Suzhou	ELISA detection method of FcγRII receptor (一種FcγRII受體的ELISA檢測方法)	Patent for invention	201710616081.1	July 26, 2017	China

No.	Holder	Name of the Patent	Type	Application No.	Application Date	Country/ Region
8	TOT Suzhou	ELISA detection method of FcγRIIIA receptor (一種FcγRIIIA受體的ELISA檢測方法)	Patent for invention	201710616063.3	July 26, 2017	China
9	TOT Suzhou	High-concentration nimotuzumab preparation for subcutaneous or intramuscular injection and preparation method and application thereof (一種用於皮下或肌肉注射的高濃度尼妥珠單抗製劑及其製備方法和應用)	Patent for invention	201711401765.6	December 22, 2017	China
10	TOT Suzhou	Syringe and auxiliary dosing device for syringe (注射器以及用於注射器的輔助定量裝置)	Patent for invention	201811168237.5	October 8, 2018	China
11	TOT Suzhou	Syringe and auxiliary dosing device for syringe (注射器以及用於注射器的輔助定量裝置)	Utility model	201821629551.4	October 8, 2018	China
12	TOT Shanghai	Method of detecting back mutation in virus sample and kit for same (檢測病毒樣品中回復突變的方法和用於該方法的試劑盒)	Patent for invention	201510115042.4	March 17, 2015	China
13	TOT Suzhou	Method of cell amplification in large-scale production of monoclonal antibodies or recombinant proteins (單抗或重組蛋白大規模生產中細胞擴增的方法)	Patent for invention	201910996185.9	October 18, 2019	China
14.	TOT Suzhou	Preparation and application of antibody-cytotoxic drug conjugates (抗體高活性細胞毒小分子藥物偶聯藥物及製備和應用)	Patent for invention	201911009296. 2	October 23, 2019	China

The following table sets forth certain information of our pending patent applications in Taiwan as of the Latest Practicable Date:

No.	Name of the Patent	Type	Patent Number	Country/ Region	Application Date	Geographic Coverage
1	Method of detecting back mutation in virus sample and kit for same	Patent for invention	105107933	Taiwan	March 15, 2016	Taiwan

As of the Latest Practicable Date, we have applied for registration of the following patents under PCT:

No.	Holder	Name of the Patent	Type	Patent Number	Country/ Region	Application Date	Geographic Coverage
1	TOT Shanghai	Method of detecting back mutation in virus sample and kit for same	PCT	PCT/CN2016/076472	WIPO	March 16, 2016	China
2	TOT Shanghai	Recombinant tumor vaccine and method of producing such vaccine	PCT	PCT/CN2011/076668	WIPO	June 30, 2011	Brazil, Canada, India, Japan, China
			Invention	BR112012033363-1	Brazil	June 30, 2011	Brazil
			Invention	2802768	Canada	June 30, 2011	Canada
			Invention	343/CHENP/2013	India	June 30, 2011	India
3	TOT Shanghai	Mutant vaccinia virus strains, uses thereof and method of producing the same	PCT	PCT/CN2013/074028	WIPO	April 10, 2013	China, Hong Kong, China, Macau, Brazil, Europe, India, United States, Japan, Canada
			Invention	BR112015025697-0	Brazil	April 10, 2013	Brazil
			Standard patent	15112499.4	Hong Kong	April 10, 2013	Hong Kong
			Invention	13881492.6	Europe	April 10, 2013	Europe
			Invention	6367/CHENP/2015	India	April 10, 2013	India

(c) Domain Names

As of the Latest Practicable Date, we have registered the following key domain names:

No.	Registrant	Domain name	Place of Application	Date of Registration	Expiry date
1	TOT Suzhou	totbiopharm.com.cn	PRC	April 19, 2012	April 19, 2020
2	TOT Suzhou	totbiopharm.cn	PRC	April 19, 2012	April 19, 2020
3	TOT Suzhou	totbiopharm.com	PRC	February 2, 2010	February 2, 2020
4	TOT Taipei	oristar.com.tw	Taiwan	February 7, 2017	
5	TOT Taipei	zortus.com	Taiwan	February 7, 2017	
6	TOT Taipei	mertis.com.tw	Taiwan	February 7, 2017	
7	TOT Taipei	zortus.com.tw	Taiwan	February 7, 2017	
8	TOT Taipei	mertisbiopharm.com	Taiwan	February 20, 2017	
9	TOT Taipei	oristarbiopharm.com	Taiwan	February 20, 2017	
10	TOT Taipei	megadrink.com.tw	Taiwan	July 21, 2017	

Save as disclosed above, there are no other trademarks, domain names, copyrights or other intellectual property rights which are or may be material to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Interests Disclosable under the SFO and Substantial Shareholders

(a) Directors' and chief executive's interests and short positions in the share capital and debentures of our Company and its associated corporations

Immediately following completion of the Global Offering (but without taking account of any Shares which may be allotted and issued upon the exercise of the Over-Allotment Option), the interests or short positions of our Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, under Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Hong Kong Stock Exchange, in each case once the Shares are listed on the Hong Kong Stock Exchange, will be as follows:

(i) Interests in our Company

Name of Director or chief executive	Nature of interest	Number of Shares interested	Approximate percentage of interest in our Company[(1)]
Ms. Yeh-Huang, Chun-Ying (黃純瑩女士)	Beneficial owner	7,115,700[(2)]	1.25%
	Interest through equity derivatives	1,162,500[(3)]	0.20%
Dr. Liu, Jun (劉軍博士)	Interest through equity derivatives	1,100,000[(3)]	0.19%

Notes:

(1) The calculation is based on the total number of Shares in issue immediately following the completion of the Global Offering (assuming the Over-Allotment Option is not exercised and no further Shares are issued pursuant to the Pre-IPO Share Option Scheme).

(2) This number has taken into account the allotment and issuance of new Shares to Ms. Yeh-Huang, Chun-Ying pursuant to the Capitalization Issue, on the basis of 2,037,500 Shares immediately prior to the Capitalization Issue.

(3) These numbers represent the Shares underlying the Pre-IPO Share Options (being unlisted physically-settled equity derivatives) held by Ms. Yeh-Huang, Chun-Ying and Dr. Liu, Jun, respectively.

(ii) Interests in associated corporations

To the best knowledge of the Directors, none of the Directors has interests or short positions in the share capital or debentures of the associated corporations of our Company.

(b) Substantial Shareholders

So far as our Directors are aware, immediately following the completion of the Global Offering and assuming that the Over-Allotment Option is not exercised, the following persons will have or be deemed or taken to have a more than 5% interest and/or a short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO:

		Shares held as at the Latest Practicable Date (assuming the Class A Preferred Shares and Class B Preferred Shares are converted into Shares)		Shares held immediately following completion of the Capitalization Issue and the Global Offering (assuming the Over-Allotment Option is not exercised)		Shares held immediately following completion of the Capitalization Issue and the Global Offering (assuming the Over-Allotment Option is fully exercised)	
Name	**Nature of interests**	**Number**	**Percentage**	**Number**	**Percentage**	**Number**	**Percentage**
Centerlab[(1)(6)]	Beneficial owner	49,702,439	36.16%	179,142,100	31.43%	179,142,100	30.70%
BioEngine[(1)]	Beneficial owner	1,398,000	1.02%	4,882,300	0.85%	4,882,300	0.84%
Vivo Capital Fund VIII, L.P.[(2)(6)]	Beneficial owner	22,965,806	16.71%	89,980,500	15.79%	89,980,500	15.42%
Vivo Capital Surplus Fund VIII, L.P.[(2)(6)]	Beneficial owner	3,171,303	2.31%	12,424,900	2.18%	12,424,900	2.13%
Vivo Capital VIII, LLC[(2)(6)]	Interest in controlled corporation	26,137,109	19.02%	102,405,400	17.97%	102,405,400	17.55%
Vivo Capital LLC[(2)(6)]	Interest in controlled corporation	26,137,109	19.02%	102,405,400	17.97%	102,405,400	17.55%
Prime Success[(3)]	Beneficial owner	16,199,152	11.79%	56,573,500	9.93%	56,573,500	9.70%
Chengwei Evergreen Capital, L.P.[(3)]	Interest in controlled corporation	16,199,152	11.79%	56,573,500	9.93%	56,573,500	9.70%
Chengwei Evergreen Management, LLC[(3)]	Interest in controlled corporation	16,199,152	11.79%	56,573,500	9.93%	56,573,500	9.70%

Name	Nature of interests	Shares held as at the Latest Practicable Date (assuming the Class A Preferred Shares and Class B Preferred Shares are converted into Shares)		Shares held immediately following completion of the Capitalization Issue and the Global Offering (assuming the Over-Allotment Option is not exercised)		Shares held immediately following completion of the Capitalization Issue and the Global Offering (assuming the Over-Allotment Option is fully exercised)	
		Number	Percentage	Number	Percentage	Number	Percentage
Advantech Capital V[4]	Beneficial owner	14,069,743	10.24%	49,136,800	8.62%	49,136,800	8.42%
Advantech Capital II Master Investment Limited[4]	Interest in controlled corporation	14,069,743	10.24%	49,136,800	8.62%	49,136,800	8.42%
Advantech Capital II L.P.[4]	Interest in controlled corporation	14,069,743	10.24%	49,136,800	8.62%	49,136,800	8.42%
Advantech Capital Partners II Limited[4]	Interest in controlled corporation	14,069,743	10.24%	49,136,800	8.62%	49,136,800	8.42%
Yuanta Construction[5]	Interest in controlled corporation	7,254,563	5.28%	25,335,600	4.44%	25,335,600	4.34%

Notes:

(1) As of the Latest Practicable Date, Centerlab directly held 37,703,292 Ordinary Shares and 11,999,147 Class A Preferred Shares, and BioEngine directly held 1,398,000 Ordinary Shares. Centerlab is publicly listed on the Taipei Exchange under the stock code 4123 and BioEngine is owned as to 30.91% by Centerlab and is an associate of Centerlab. The interest of BioEngine in the Shares is included in the above table for information purposes only.

(2) As of the Latest Practicable Date, Vivo Capital Fund VIII, L.P. directly held 17,573,333 Ordinary Shares and 5,392,473 Class A Preferred Shares, and Vivo Capital Surplus Fund VIII, L.P. directly held 2,426,667 Ordinary Shares and 744,636 Class A Preferred Shares. Both Vivo Capital Fund VIII, L.P. and Vivo Capital Surplus Fund VIII, L.P. (referred to collectively as Vivo Capital) are limited partnerships organized under the laws of the State of Delaware of the United States. The general partner of Vivo Capital is Vivo Capital VIII, LLC, which is registered in the State of Delaware of the United States. Vivo Capital LLC, registered in the State of California of the United States, serves as the management company of Vivo Capital and has a form of advisory agreement with Vivo Capital VIII, LLC. For the purpose of the SFO, Vivo Capital VIII, LLC and Vivo Capital LLC are deemed to have an interest in the Shares held by Vivo Capital. The interest of Vivo Capital Surplus Fund VIII, L.P. in the Shares is included in the above table for information purposes only.

(3) As of the Latest Practicable Date, Prime Success directly held 11,980,308 Ordinary Shares, 3,766,969 Class A Preferred Shares and 451,875 Class B Preferred Shares. Prime Success is a company with limited liability incorporated under the laws of Hong Kong, which is wholly owned by Chengwei Evergreen Capital, L.P., a venture capital fund incorporated under the laws of the Cayman Islands. The general partner of Chengwei Evergreen Capital, L.P. is Chengwei Evergreen Management, LLC, a limited liability company incorporated under the laws of the Cayman Islands. For the purpose of the SFO, Chengwei Evergreen Capital, L.P. and Chengwei Evergreen Management, LLC are deemed to have an interest in the Shares held by Prime Success.

(4) As of the Latest Practicable Date, Advantech Capital V, an exempted company with limited liability incorporated under the laws of Cayman Islands, directly held 513,484 Class A Preferred

Shares and 13,556,259 Class B Preferred Shares. Advantech Capital V is wholly owned by Advantech Capital II Master Investment Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands, which is in turn wholly owned by Advantech Capital II L.P., a private equity fund incorporated under the laws of the Cayman Islands. The general partner of Advantech Capital II L.P. is Advantech Capital Partners II Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands. For the purpose of the SFO, Advantech Capital II Master Investment Limited, Advantech Capital II L.P. and Advantech Capital Partners II Limited are deemed to have an interest in the Shares held by Advantech Capital V.

(5) As of the Latest Practicable Date, Vaxon Investment Inc., a company with limited liability incorporated under the laws of Samoa, directly held 1,600,000 Ordinary Shares and 1,581,563 Class A Preferred Shares, and Vaxgen Investment Inc., a company with limited liability incorporated under the laws of British Virgin Islands, directly held 4,073,000 Ordinary Shares. To the best knowledge of our Company, Vaxon and Vaxgen are both controlled by Yuanta Construction. For the purpose of the SFO, Yuanta Construction is deemed to have an interest in the Shares held by Vaxon and Vaxgen.

(6) The number of Shares to be held by Centerlab and Vivo Capital immediately following completion of the Capitalization Issue and the Global Offering stated in the above table has taken into account the cornerstone investments agreed to be made by these existing Shareholders, with the relevant number of Shares calculated based on the Offer Price of HK$7.05 per Share (being the mid-point of the indicative Offer Price range). See "Cornerstone Investors — Details of the Cornerstone Investors" for details.

(c) Interests of the substantial shareholders of any member of our Group (other than our Company)

So far as the Directors are aware, immediately following the completion of the Global Offering, no one (not being Directors or chief executive of our Company) will, directly or indirectly, be interested in 10% or more of the nominal value of the share capital carrying rights to vote in all circumstances at general meetings of any member of the Group (other than our Company).

2. Particulars of Directors' Service Contracts

(a) Executive Directors

Each of our executive Directors has entered into a service contract with our Company for a term of three years.

(b) Non-executive Directors

Each of our non-executive Directors has entered into a service contract with our Company for a term of three years.

(c) Independent non-executive Directors

Each of our independent non-executive Directors has been appointed for an initial term of three years.

Except as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of our subsidiaries other than contracts expiring or determinable by our employer within one year without the payment of compensation (other than statutory compensation).

(d) Directors remuneration

For details of the Directors' remuneration, see "Directors and Senior Management — Directors' and Senior Management's Remuneration".

3. Agency Fees or Commissions Received

The Underwriters will receive an underwriting commission, as detailed in "Underwriting — Underwriting Arrangements and Expenses". Save as disclosed in this prospectus, none of the Directors or any of the persons whose names are listed in the paragraph entitled "6. Qualification of Experts" in the section entitled "F. Other Information" in this Appendix had received any commissions, discounts, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group from our Group within the two years preceding the date of this prospectus.

4. Related Party Transactions

During the two years preceding the date of this prospectus, we have engaged in the material related party transactions as described in note 32 of the Accountant's Report set out in Appendix I to this prospectus.

D. DISCLAIMERS

Save as disclosed in this prospectus:

(a) none of our Directors or chief executives has any interests and short positions in the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Hong Kong Stock Exchange, in each case once our Shares are listed on the Hong Kong Stock Exchange;

(b) so far as is known to any of our Directors or chief executives, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, 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 member of the Group;

(c) none of our Directors nor any of the parties listed in "— F. Other Information — 6. Qualification of Experts" of this Appendix is interested in our promotion, or in any assets

which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to us;

(d) save as disclosed in this prospectus or in connection with the Underwriting Agreements, none of our Directors nor any of the parties listed in "— F. Other Information — 6. Qualification of Experts" of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;

(e) in connection with the Underwriting Agreements, none of the parties listed in "— F. Other Information — 6. Qualification of Experts" of this Appendix: (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and

(f) none of our Directors or their respective associates (as defined under the Listing Rules) or any of our Shareholders (who to the knowledge of our Directors owns more than 5% of our issued share capital) has any interest in our five largest suppliers or our five largest revenue payment collection channels.

E. PRE-IPO SHARE OPTION SCHEME

The following is a summary of the principal terms of, and grants made under, the Pre-IPO Share Option Scheme which was initially adopted by the Board on February 20, 2013 and subsequently amended by the Board on December 11, 2017, December 20, 2018, March 12, 2019, April 16, 2019 and July 22, 2019. The Pre-IPO Share Option Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it will not involve the grant of options by us after the Listing.

1. Purpose

The purpose of the Pre-IPO Share Option Scheme is to attract and retain talent necessary for our Group's development, and to incentivize our Group's employees and enhance their cohesion and productivity, thereby creating value for the Company and the Shareholders.

2. Qualifying Participants

Those eligible to participate in the Pre-IPO Share Option Scheme include employees and consultants (being former employees) of the Company and its subsidiaries. The identities of grantees and their respective grants shall be determined with reference to factors such as each grantee's seniority, rank, job performance, past or expected contribution and potential for development, and shall be proposed by the general manager, reviewed by the chairman and approved by a two-thirds majority of the Board.

As of the Latest Practicable Date, there were 97 grantees under the Pre-IPO Share Option Scheme, all of whom had been granted their respective Pre-IPO Share Options at nil consideration.

3. Pre-IPO Share Options and the Underlying Shares

The Pre-IPO Share Options are exercisable into Shares once they are vested. The vesting schedule in respect of the Pre-IPO Share Options typically depends on the seniority of the grantee and/or the timing of the fulfillment of performance targets mainly relating to the research and development progress of certain drug candidates (the "**R&D Targets**"), and may be adjusted on a case-by-case basis with the Board's approval. Upon the exercise of the Pre-IPO Share Options by the holder thereof (the "**Optionholder**"), the Optionholder shall irrevocably remit to a designated bank account an amount equal to the exercise price per Share (the "**Exercise Price**") multiplied by the number of Shares in respect of the Pre-IPO Share Options being exercised (such product, the "**Subscription Amount**"), and the Company shall issue such number of new Shares to such Optionholder upon receipt of the Subscription Amount. With the Board's approval and subject to compliance with all applicable laws and regulations, the Company may provide a loan to an Optionholder to finance his/her payment of the Subscription Amount and related taxes and expenses at an interest rate of 6% per annum or higher, with such loan repayable with the proceeds of the Optionholder's subsequent disposal of his/her Shares.

The Pre-IPO Share Options may not be pledged, transferred or otherwise disposed of without the consent of the Board. The Pre-IPO Share Options do not entitle the Optionholders to vote at the Company's general meetings, participate in any rights issue in respect of the Shares, receive any dividends or subscribe for any offering of new Shares.

The Shares to be issued upon the exercise of the Pre-IPO Share Options shall rank *pari passu* with other Shares then in issue.

4. Exercise Price of Pre-IPO Share Options

The Exercise Price shall be the highest of the following three values as at the date of the Board's approval of the grant of the respective Pre-IPO Share Options: (i) the net asset value per Share based on the Company's most recent financial statements reviewed by its auditors; (ii) the price per Share in the Company's most recent capital injection; and (iii) US$1.00 per Share (which was the par value of each Share before the Companies Ordinance came into operation on March 3, 2014 and is taken as reference under the Pre-IPO Share Option Scheme), which is subject to adjustment in the event of subdivision, consolidation or reorganization of the Company's share capital (the "**Reference Par Value**").

The Exercise Price shall be adjusted in accordance with the following formula in the event of changes to the share capital of the Company, provided that (i) no adjustment shall be made if the new Exercise Price calculated based on the following formula is higher than the original Exercise Price; (ii) the adjusted Exercise Price shall not be lower than the Reference Par Value; and (iii) in the case of issue of new Shares without consideration, share subdivision or conversion of share

capital of the Company, the "amount paid for each new Share" referred to in the following formula shall be treated as zero.

$$\text{Adjusted Exercise Price} = \text{Original Exercise Price} \times \frac{\text{Number of Shares in issue} + \frac{\text{Amount paid for each new Share} \times \text{Number of new Shares}}{\text{Original Exercise Price}}}{\text{Number of Shares in issue} + \text{Number of new Shares}}$$

The Exercise Price shall also be adjusted upon any payment of cash dividends by the Company or any amalgamation of the Company with other companies.

As of the Latest Practicable Date, all Pre-IPO Share Options granted had an Exercise Price of US$1.00 per Share. Immediately after the conversion of Preferences Shares into Shares and the Capitalization Issue, the adjusted Exercise Price of all such Pre-IPO Share Options is expected to be approximately US$0.286 per Share (based on the mid-point of the indicative Offer Price range).

5. Lapse of Pre-IPO Share Options

Pre-IPO Share Options granted and outstanding which are held by an Optionholder shall lapse on the earliest of the following dates, subject to any agreement between the Company and the Optionholder to the contrary:

(a) ten years after the grant of the Pre-IPO Share Options;

(b) the date of resignation, retirement, dismissal or expulsion of the Optionholder from the Group;

(c) in the case of unpaid leave due to governmental order, serious illness, family misadventure, further studies or other reasons, three months after the commencement of such unpaid leave (in respect of vested Pre-IPO Share Options);

(d) in the case of death of the Optionholder not due to occupational hazards, the date of death (in respect of unvested Pre-IPO Share Options) or one year after the date of death (in respect of vested Pre-IPO Share Options);

(e) in the case of death or incapacity of the Optionholder due to occupational hazards, one year after the date of death or incapacity (in respect of vested Pre-IPO Share Options); and

(f) when the Optionholder is in breach of his/her employment contract or scope of duties or the Group's reward and punishment policies (in respect of unvested Pre-IPO Share Options).

Pre-IPO Share Options that have lapsed shall be cancelled and may not be re-granted, and the number of Shares in respect of such lapsed Pre-IPO Share Options shall be counted towards the maximum number of Shares which may be issued by the Company under the Pre-IPO Share Option Scheme as authorized by the Board from time to time.

6. Maximum Number of Shares to be Issued

The maximum number of Shares which may be issued upon the exercise of all Pre-IPO Share Options granted under the Pre-IPO Share Option Scheme (whether exercised, lapsed or outstanding) as authorized by the Board is 16,969,000 Shares (representing approximately 12.35% of the total number of Shares and Preferred Shares in issue as of the Latest Practicable Date (the "**Current Issued Share Capital**") and approximately 2.98% of the total number of Shares in issue immediately following the completion of the Global Offering (assuming the Over-Allotment Option is not exercised and no further Shares are issued pursuant to the Pre-IPO Share Option Scheme) (the "**Post-Listing Issued Share Capital**")).

As of the Latest Practicable Date, Pre-IPO Share Options representing 16,969,000 Shares had been granted, of which those representing 2,017,500 Shares had lapsed and those representing 2,267,500 Shares had been exercised. As such, 12,684,000 Shares (representing approximately 9.23% of the Current Issued Share Capital and approximately 2.23% of the Post-Listing Issued Share Capital) will be issued upon the exercise of all granted and outstanding Pre-IPO Share Options.

As explained in "— 5. Lapse of Pre-IPO Share Options" above, Pre-IPO Share Options that have lapsed shall still be counted towards the aforesaid limit of 16,969,000 Shares. As such, no further Pre-IPO Share Options may be granted.

7. Amendment of Terms

The terms of the Pre-IPO Share Option Scheme may be amended by the Board at a meeting with at least two-thirds of all Directors in attendance and more than half of such Directors approving the amendments.

8. Details of Pre-IPO Share Options Granted to Key Grantees

The following table sets forth the details of Pre-IPO Share Options granted as of the Latest Practicable Date to (i) our Directors; (ii) members of our senior management as referred to in "Directors and Senior Management — Our Senior Management"; (iii) Dr. Liang, Min (梁旻博士), our former Director who is currently a connected person of the Company as explained in "Connected Transactions — Fully Exempt Continuing Connected Transactions — 5. Consultancy Agreement with Dr. Liang"; and (iv) other grantees with Pre-IPO Share Options representing 300,000 Shares or more:

No.	Name of grantee	Residential address	Number of Shares underlying Pre-IPO Share Options granted (whether exercised, lapsed or outstanding)	Date of grant of Pre-IPO Share Options	Date of vesting of Pre-IPO Share Options	Period of exercise of Pre-IPO Share Options	Consideration paid by grantee	Exercise Price (per Share)	Number of Shares underlying Pre-IPO Share Options granted and exercised	Number of Shares underlying Pre-IPO Share Options granted and lapsed
(a) Directors										
1.	Ms. Yeh-Huang, Chun-Ying (黃純瑩女士)	Please refer to "Directors and Parties Involved in the Global Offering — Directors"	1,650,000	February 20, 2013	All vested	Till February 19, 2023	Nil	US$1.00	1,650,000	0
			1,550,000	December 14, 2017	Four equal installments at each of the first four anniversaries of the date of grant	From the date of vesting till December 13, 2027	Nil	US$1.00	387,500	0
			Total: 3,200,000 (representing approximately 2.33% of the Current Issued Share Capital and approximately 0.56% of the Post-Listing Issued Share Capital)							
2.	Dr. Liu, Jun (劉軍博士)	Please refer to "Directors and Parties Involved in the Global Offering — Directors"	1,000,000	December 25, 2017	Four equal installments on January 1, 2019, 2020, 2021 and 2022	From the date of vesting till December 24, 2027	Nil	US$1.00	0	0
			100,000	January 21, 2019	Five equal installments at the fulfillment of the R&D Targets and the second, third, fourth and fifth anniversaries thereof	From the date of vesting till January 20, 2029	Nil	US$1.00	0	0
			Total: 1,100,000 (representing approximately 0.80% of the Current Issued Share Capital and approximately 0.19% of the Post-Listing Issued Share Capital)							

No.	Name of grantee	Residential address	Number of Shares underlying Pre-IPO Share Options granted (whether exercised, lapsed or outstanding)	Date of grant of Pre-IPO Share Options	Date of vesting of Pre-IPO Share Options	Period of exercise of Pre-IPO Share Options	Consideration paid by grantee	Exercise Price (per Share)	Number of Shares underlying Pre-IPO Share Options granted and exercised	Number of Shares underlying Pre-IPO Share Options granted and lapsed
(b) Members of senior management										
3.	Mr. Liu, Donglian (劉冬連先生)	No. 120, Lane 1000 Jiudu Road Shanghai PRC	1,200,000	January 10, 2018	Four equal installments at each of the first four anniversaries of the date of grant	From the date of vesting till January 9, 2028	Nil	US$1.00	0	0
			200,000	January 22, 2019	Five equal installments at the fulfillment of the R&D Targets and the second, third, fourth and fifth anniversaries thereof	From the date of vesting till January 21, 2029	Nil	US$1.00	0	0
		Total: 1,400,000 (representing approximately 1.02% of the Current Issued Share Capital and approximately 0.25% of the Post-Listing Issued Share Capital)								
4.	Dr. Liu, Ming (劉敏醫師)	4th Floor, No. 60, Lane 405 Section 6, Zhongshan North Road	500,000	February 8, 2018	Four equal installments on January 1, 2019, 2020, 2021 and 2022	From the date of vesting till February 7, 2028	Nil	US$1.00	0	0
		Neighborhood 11, Tianshouli Shilin District Taipei City Taiwan	200,000	January 30, 2019	Five equal installments at the fulfillment of the R&D Targets and the second, third, fourth and fifth anniversaries thereof	From the date of vesting till January 29, 2029	Nil	US$1.00	0	0
		Total: 700,000 (representing approximately 0.51% of the Current Issued Share Capital and approximately 0.12% of the Post-Listing Issued Share Capital)								
5.	Mr. Yao, Jau-Chang (姚朝裎先生)	6th Floor, No. 8, Lane 39 Tianyu Street Shilin District Taipei City Taiwan	100,000	May 25, 2019	All vested	Till May 24, 2029	Nil	US$1.00	0	0
			500,000	May 25, 2019	Five equal installments at the fulfillment of the R&D Targets and the second, third, fourth and fifth anniversaries thereof	From the date of vesting till May 24, 2029	Nil	US$1.00	0	0
		Total: 600,000 (representing approximately 0.44% of the Current Issued Share Capital and approximately 0.11% of the Post-Listing Issued Share Capital)								

No.	Name of grantee	Residential address	Number of Shares underlying Pre-IPO Share Options granted (whether exercised, lapsed or outstanding)	Date of grant of Pre-IPO Share Options	Date of vesting of Pre-IPO Share Options	Period of exercise of Pre-IPO Share Options	Consideration paid by grantee	Exercise Price (per Share)	Number of Shares underlying Pre-IPO Share Options granted and exercised	Number of Shares underlying Pre-IPO Share Options granted and lapsed
6.	Mr. Chen, Xiaobao (陳小寶先生)	Room 352, Unit 3, 21st Floor South Area of Xinhualian Jiayuan Tongzhou District Beijing PRC	400,000	December 26, 2017	At the first (5%), second (10%), third (15%), fourth (20%), fifth (25%) and sixth (25%) anniversaries of the date of grant	From the date of vesting till December 25, 2027	Nil	US$1.00	0	0
			200,000	January 22, 2019	Five equal installments at the fulfillment of the R&D Targets and the second, third, fourth and fifth anniversaries thereof	From the date of vesting till January 21, 2029	Nil	US$1.00	0	0
		Total: 600,000 (representing approximately 0.44% of the Current Issued Share Capital and approximately 0.11% of the Post-Listing Issued Share Capital)								
7.	Mr. Lin, Chun-Ming (林俊明先生)	No. 64 Minsheng Street Luzhou District New Taipei City Taiwan	50,000	December 26, 2017	All vested	Till December 25, 2027	Nil	US$1.00	50,000	0
			450,000	December 26, 2017	At the first (1/18), second (4/18), third (4/18), fourth (4/18) and fifth (5/18) anniversaries of the date of grant	From the date of vesting till December 25, 2027	Nil	US$1.00	0	0
		Total: 500,000 (representing approximately 0.36% of the Current Issued Share Capital and approximately 0.09% of the Post-Listing Issued Share Capital)								
8.	Mr. Wu, Chih-Yuan (吳志遠先生)	No.14, Xingfu Street Shilin District Taipei City Taiwan	200,000	February 12, 2018	At the first (5%), second (10%), third (15%), fourth (20%), fifth (25%) and sixth (25%) anniversaries of the date of grant	From the date of vesting till February 11, 2028	Nil	US$1.00	0	0
			100,000	January 15, 2019	Five equal installments at the fulfillment of the R&D Targets and the second, third, fourth and fifth anniversaries thereof	From the date of vesting till January 14, 2029	Nil	US$1.00	0	0
		Total: 300,000 (representing approximately 0.22% of the Current Issued Share Capital and approximately 0.05% of the Post-Listing Issued Share Capital)								

No.	Name of grantee	Residential address	Number of Shares underlying Pre-IPO Share Options granted (whether exercised, lapsed or outstanding)	Date of grant of Pre-IPO Share Options	Date of vesting of Pre-IPO Share Options	Period of exercise of Pre-IPO Share Options	Consideration paid by grantee	Exercise Price (per Share)	Number of Shares underlying Pre-IPO Share Options granted and exercised	Number of Shares underlying Pre-IPO Share Options granted and lapsed
(c) Former Director who is a connected person										
9.	Dr. Liang, Min (梁旻博士)	Room 1101, No. 5, Lane 2228 Zhangyang Road Pudong New District Shanghai PRC	650,000	February 20, 2013	All vested	Till March 30, 2020	Nil	US$1.00	0	0
			212,500	January 18, 2018	All vested	Till March 30, 2020	Nil	US$1.00	0	0
			637,500	January 18, 2018	–	All lapsed	Nil	US$1.00	0	637,500
		Total: 1,500,000 (representing approximately 1.09% of the Current Issued Share Capital and approximately 0.26% of the Post-Listing Issued Share Capital)								
(d) Other grantees with Pre-IPO Share Options representing 300,000 Shares or more										
10.	Ms. Hsieh, Pei-Ying (謝培瑩女士)	7-2 Floor, No. 58, Lane 253 Section 2, Neihu Road Neihu District Taipei City Taiwan	200,000	February 20, 2013	–	All lapsed	Nil	US$1.00	0	200,000
			150,000	February 10, 2018	Four equal installments at each of the first four anniversaries of the date of grant	From the date of vesting till February 9, 2028	Nil	US$1.00	0	0
		Total: 350,000 (representing approximately 0.25% of the Current Issued Share Capital and approximately 0.06% of the Post-Listing Issued Share Capital)								
11.	Mr. Xu, Bo (徐波先生) (former employee)	1-1401, Vanke Jinyu Tixiang No. 139, Songshan Road Jianye District Nanjing PRC	350,000	February 20, 2013	–	All lapsed	Nil	US$1.00	0	350,000
		Total: 350,000 (representing approximately 0.25% of the Current Issued Share Capital and approximately 0.06% of the Post-Listing Issued Share Capital)								
12.	Mr. Kuo, Kun-Ju (郭坤儒先生)	No. 14, Alley 2, Lane 48 Bainian 1st Street Longtan District Taoyuan City Taiwan	150,000	February 20, 2013	–	All lapsed	Nil	US$1.00	0	150,000
			150,000	February 12, 2018	Four equal installments at each of the first four anniversaries of the date of grant	From the date of vesting till February 11, 2028	Nil	US$1.00	0	0
		Total: 300,000 (representing approximately 0.22% of the Current Issued Share Capital and approximately 0.05% of the Post-Listing Issued Share Capital)								

No.	Name of grantee	Residential address	Number of Shares underlying Pre-IPO Share Options granted (whether exercised, lapsed or outstanding)	Date of grant of Pre-IPO Share Options	Date of vesting of Pre-IPO Share Options	Period of exercise of Pre-IPO Share Options	Consideration paid by grantee	Exercise Price (per Share)	Number of Shares underlying Pre-IPO Share Options granted and exercised	Number of Shares underlying Pre-IPO Share Options granted and lapsed
13.	Mr. Chiu, Cheng-Yang (邱正揚先生)	14th Floor, No. 25, Lane 373 Fude Street Nangang District Taipei City Taiwan	50,000	February 20, 2013	All vested	Till February 19, 2023	Nil	US$1.00	50,000	0
			50,000	January 10, 2018	All vested	Till January 9, 2028	Nil	US$1.00	50,000	0
			150,000	January 10, 2018	Three equal installments at each of the second, third and fourth anniversaries of the date of grant	From the date of vesting till January 9, 2028	Nil	US$1.00	0	0
			50,000	May 7, 2019	Five equal installments at the fulfillment of the R&D Targets and the second, third, fourth and fifth anniversaries thereof	From the date of vesting till May 6, 2029	Nil	US$1.00	0	0
		Total: 300,000 (representing approximately 0.22% of the Current Issued Share Capital and approximately 0.05% of the Post-Listing Issued Share Capital)								
14.	Ms. Feng, Shan (馮珊女士)	Room 105, Unit 1, Building 9 No. 5, Chaoyang Road Chaoyang District Beijing PRC	250,000	January 26, 2018	At the first (10%), second (15%), third (20%), fourth (25%) and fifth (30%) anniversaries of the date of grant	From the date of vesting till January 25, 2028	Nil	US$1.00	0	0
			50,000	May 7, 2019	Five equal installments at the fulfillment of the R&D Targets and the second, third, fourth and fifth anniversaries thereof	From the date of vesting till May 6, 2029	Nil	US$1.00	0	0
		Total: 300,000 (representing approximately 0.22% of the Current Issued Share Capital and approximately 0.05% of the Post-Listing Issued Share Capital)								

No.	Name of grantee	Residential address	Number of Shares underlying Pre-IPO Share Options granted (whether exercised, lapsed or outstanding)	Date of grant of Pre-IPO Share Options	Date of vesting of Pre-IPO Share Options	Period of exercise of Pre-IPO Share Options	Consideration paid by grantee	Exercise Price (per Share)	Number of Shares underlying Pre-IPO Share Options granted and exercised	Number of Shares underlying Pre-IPO Share Options granted and lapsed
15.	Ms. Chen, I-Wen (陳怡雯女士)	No. 10, Alley 29, Lane 163 Section 6, Minquan East Road Neihu District Taipei Taiwan	50,000	February 20, 2013	–	All lapsed	Nil	US$1.00	0	50,000
			30,000	February 28, 2018	All vested	Till February 27, 2028	Nil	US$1.00	30,000	0
			170,000	February 28, 2018	At the third (3/17), fourth (4/17), fifth (5/17) and sixth (5/17) anniversaries of the date of grant	From the date of vesting till February 27, 2028	Nil	US$1.00	0	0
			50,000	May 9, 2019	Five equal installments at the fulfillment of the R&D Targets and the second, third, fourth and fifth anniversaries thereof	From the date of vesting till May 8, 2029	Nil	US$1.00	0	0
		Total: 300,000 (representing approximately 0.22% of the Current Issued Share Capital and approximately 0.05% of the Post-Listing Issued Share Capital)								
16.	Mr. Duan, Qing (段清先生)	Room 403, No. 6, Lane 618 Qingtong Road Pudong New Area Shanghai PRC	300,000	May 7, 2019	Five equal installments at the fulfillment of the R&D Targets and the second, third, fourth and fifth anniversaries thereof	From the date of vesting till May 6, 2029	Nil	US$1.00	0	0
		Total: 300,000 (representing approximately 0.22% of the Current Issued Share Capital and approximately 0.05% of the Post-Listing Issued Share Capital)								

9. Details of Pre-IPO Share Options Granted to Other Grantees

The following table sets forth the details of Pre-IPO Share Options granted as of the Latest Practicable Date to grantees other than those set out on an individual basis in "— 8. Details of Pre-IPO Share Options Granted to Key Grantees" above:

Range of number of Shares represented by Pre-IPO Share Options granted to each grantee (whether exercised, lapsed or outstanding)	Total number of grantees	Total number of Shares underlying Pre-IPO Share Options granted (whether exercised, lapsed or outstanding)	Approximate percentage of Current Issued Share Capital represented by underlying Shares	Approximate percentage of Post-Listing Issued Share Capital represented by underlying Shares	Dates of grant of Pre-IPO Share Options	Dates of vesting of Pre-IPO Share Options	Period of exercise of Pre-IPO Share Options	Consideration paid by grantees	Exercise Price (per Share)	Total number of Shares underlying Pre-IPO Share Options granted and exercised	Total number of Shares underlying Pre-IPO Share Options granted and lapsed
1 to 49,999	31	870,000	0.63%	0.15%	From January 10, 2018 to June 18, 2019	Various[1]	From the date of vesting till the date which is one day preceding the tenth anniversary of the date of grant	Nil	US$1.00	0	130,000
50,000 to 99,999	37	2,390,000	1.74%	0.42%	From February 20, 2013 to June 17, 2019	Various[2]	From the date of vesting till the date which is one day preceding the tenth anniversary of the date of grant	Nil	US$1.00	0	100,000
100,000 to 299,999	13	1,609,000	1.17%	0.28%	From February 20, 2013 to June 9, 2019	Various[3]	From the date of vesting till the date which is one day preceding the tenth anniversary of the date of grant	Nil	US$1.00	50,000	400,000
Total	81	4,869,000	3.54%	0.85%						50,000	630,000

Notes:

As of the Latest Practicable Date:

(1) Among this band of Pre-IPO Share Options representing 870,000 Shares in total,

(i) none had been exercised;

(ii) those representing 130,000 Shares had lapsed;

(iii) those representing 43,500 Shares had vested and remained outstanding;

(iv) those representing 596,500 Shares will vest from one to six years from the date of grant; and

(v) those representing 100,000 Shares will vest from zero to five years from the fulfillment of the R&D Targets.

(2) Among this band of Pre-IPO Share Options representing 2,390,000 Shares in total,

(i) none had been exercised;

(ii) those representing 100,000 Shares had lapsed;

(iii) those representing 130,500 Shares had vested and remained outstanding;

(iv) those representing 1,759,500 Shares will vest from one to six years from the date of grant; and

(v) those representing 400,000 Shares will vest from zero to five years from the fulfillment of the R&D Targets.

(3) Among this band of Pre-IPO Share Options representing 1,609,000 Shares in total,

(i) those representing 50,000 Shares had been exercised;

(ii) those representing 400,000 Shares had lapsed;

(iii) those representing 81,500 Shares had vested and remained outstanding;

(iv) those representing 928,500 Shares will vest from one to six years from the date of grant; and

(v) those representing 149,000 Shares will vest from zero to five years from the fulfillment of the R&D Targets.

10. Dilutive Effect of the Outstanding Pre-IPO Share Options

Assuming the exercise of all granted and outstanding Pre-IPO Share Options and the consequential issue of 12,684,000 Shares and on the basis of 570,000,000 Shares, being the number of Shares in issue immediately after completion of the Global Offering (assuming the Over-Allotment Option is not exercised), the shareholding of our Shareholders in the Company immediately following completion of the Global Offering will be diluted by approximately 2.18%. As we recorded net loss for the years ended December 31, 2017 and 2018 and the four months ended April 30, 2019, no consequent dilution effect will be resulted to the loss per Share for the years ended December 31, 2017 and 2018 and the four months ended April 30, 2019.

F. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group.

2. Litigation

As of the Latest Practicable Date, save as disclosed in the section headed "Business — Legal Proceedings and Compliance — Legal Proceedings" in this prospectus, no member of our Group was involved in any litigation, arbitration or claim of material importance and, so far as our Directors are aware, no litigation, arbitration or claim of material importance is pending or threatened against us.

3. Sole Sponsor

The Sole Sponsor will be paid by our Company a total fee of US$1,000,000 to act as sponsor to our Company in connection with the Listing.

The Sole Sponsor has declared its independence pursuant to Rule 3A.07 of the Listing Rules.

The Sole Sponsor has made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of the Over-Allotment Option).

4. Preliminary Expenses

We did not incur any material preliminary expenses.

5. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all 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.

6. Qualification of Experts

The qualifications of the experts who have given opinions or advice which are contained in this prospectus are as follows:

Name	Qualification
ICBC International Capital Limited	Registered institution under the SFO to carry on business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities
PricewaterhouseCoopers	Certified public accountants

Name	Qualification
King & Wood Mallesons	Legal advisor to our Company as to PRC law
Lee and Li, Attorneys-at-Law	Legal advisor to our Company as to Taiwan law
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Property valuer
Frost & Sullivan International Limited	Industry consultant

7. Consents of Experts

Each of the experts as referred to in the paragraph headed "6. Qualification of Experts" in this appendix has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of its reports, letters, and/or opinions (as the case may be) and the references to its names included in the form and context in which it respectively appears.

8. Promoters

Our Company has no promoter for the purpose of the Listing Rules. Save as disclosed above, within the two years preceding the date of this prospectus, no cash, securities or other benefits have been paid, allotted or given to any promoters in connection with the Global Offering or the related transactions described in this prospectus.

9. Miscellaneous

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no founders or management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued;

(iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries; and

(v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of its subsidiaries.

(b) Our Group had not issued any debentures nor did it have any outstanding debentures or any convertible debt securities.

(c) Our Directors confirm that:

(vi) there has been no material adverse change in the financial or trading position or prospects of the Group since April 30, 2019 (being the date to which the latest audited consolidated financial statements of the Group were prepared); and

(vii) there is no arrangement under which future dividends are waived or agreed to be waived; and

(viii) there has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this prospectus.

(d) Our register of members will be maintained by our Share Registrar, Tricor Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Share Registrar.

(e) All necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.

(f) No company within our Group is presently listed on any stock exchange or traded on any trading system.

(g) The English and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were, amongst other documents:

(i) copies of the **WHITE**, **YELLOW** and **GREEN** application forms;

(ii) certified copies of the written consents referred to in "Statutory and General Information — F. Other Information — 7. Consents of Experts" in Appendix V to this prospectus; and

(iii) certified copies of the material contracts referred to in "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix V to this prospectus.

B. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of our Company at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(i) the Articles of Association;

(ii) the Accountant's Report from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;

(iii) the report from PricewaterhouseCoopers in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;

(iv) the property valuation report from JLL, the text of which is set out in Appendix III to this prospectus;

(v) the audited consolidated financial statements of our Group for the years ended December 31, 2017, 2018 and the four months ended April 30, 2019;

(vi) the legal opinions as to the laws of the PRC issued by King & Wood Mallesons, our legal advisor on the laws of the PRC, in respect of certain aspects of our Group and the property interests of our Group in the PRC;

(vii) the legal opinion as to the laws of Taiwan issued by Lee and Li, Attorneys-at-Law, our legal advisor on the laws of Taiwan, in respect of certain aspects of our Group;

(viii) the material contracts referred to in "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix V to this prospectus;

(ix) the written consents referred to in "Statutory and General Information — F. Other Information — 7. Consents of Experts" in Appendix V to this prospectus;

(x) the rules of the Pre-IPO Share Option Scheme and the list of grantees thereunder as of the Latest Practicable Date;

(xi) the service contracts entered into between our Company and each of the Directors referred to in "Statutory and General Information — C. Further Information About Our Directors and Substantial Shareholders — 2. Particulars of Directors' Service Contracts" in Appendix V to this prospectus; and

(xii) the Frost & Sullivan Report.

东曜药业